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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2248

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CONTENTS

ROMANIA

YUGOSLAVIA

FUEL AND ENERGY MINISTRY DECREE ON WORKER COMPENSATION STRUCTURE

Prague HORNIK A ENERGETIK in Czech 14 Jan 82 pp 1-16 (supplement)

[Decree No 4, 1981 of the Federal Ministry of Fuels and Energy, dated 18 November 1981, Concerning Worker Compensation]

[Text] The Federal Fuel and Energy Ministry, under Section 43, Para 2, Law No 133/1970 of the Laws of the CSSR concerning the jurisdiction of federal ministries, and under Section 95 of the Labor Code, and in conjunction with the Federal Ministry of Labor and Social Affairs and the central committee of the Mining and Energy Industry Employees Trade Union, hereby decrees the following:

Section 1: Extent of Validity

1. This decree covers employees in the working professions (hereafter referred to as "workers") in state economic organizations (hereafter referred to as "organizations")[1] under the jurisdiction of the Federal Fuels and Energy Ministry (hereafter referred to as the "ministry") and these organizations.

2. This decree does not cover

a) employees of factory and school cafeteria and housing operations,

b) members of factory fire-prevention units,

c) employees of centrally managed organizations of the research and development base,

d) employees of design and engineering organizations,

e) employees of the State Power Inspectorates (SEI),

f) employees of organizations engaged in machine building, construction, coking-chemical and agricultural production, forest management and housing construction, whose compensation is fixed by specific regulations.

3. This decree covers employees of the mining rescue service with exceptions established by a specific regulation.[2]

4. This decree covers workers at atomic power plants, with exceptions established by a specific measure of the ministry.

Section 2: Wage-Rate Scale

1. According to the nature of the working, production and other conditions under which work is performed and the social significance of a given job, the wage-rate scale presented in Supplement No 1 is being established for specific branches, sectors, groups of activities, and in some cases professions and types of work. These will be the basis of a determination of the wage rate for a category of performed work and the wage rate for the personnel category of a worker.

2. An organization may raise the wage rate of a personnel category by Kcs 1.50 per hour for workers with a full secondary education in the ninth personnel category.

The workers covered and more detailed conditions are outlined in Supplement No 2.

Section 3: Qualification Catalogs of Working Professions

1. Qualification catalogs of the working professions are the basis for the inclusion of employees in the working professions and for the inclusion of work activities and professions in rate categories.

2. Supplement No 2 establishes the qualification catalogs of the working professions and the conditions of their utilization.

Section 4: Personnel Category

1. An organization awards a worker a personnel category on the basis of the appropriate qualification catalog and under the conditions presented in Supplement No 2.

2. The certificate of employment issued by an organization to a worker at the end of a job[3] is also to include the personnel category which was awarded, an indication of profession in terms of a qualification catalog and on what basis the personnel category or, if applicable, the performed work category was awarded.

Section 5: Compensation Methods

1. An organization is required, within the bounds of a work contract, to assign a worker, above all, to work which corresponds to his awarded personnel category.

2. A worker is to be compensated basically in terms of the wage rate of a performed work category. It is possible to compensate a worker in terms of a personnel category wage rate

a) In cases of work performed for an hourly wage, if this involves, during a shift or an accounting period, the frequent alternation of labor activities included under various categories or of the amount of work performed in different wage categories is difficult to monitor,

b) In the case of work performed for an individual project wage, if this involves, during a shift or an accounting period, the frequent alternation of work activities included under various wage categories. This method of compensation may be used by an organization on the condition that the difference between the average personnel category and the average wage category for work performed by workers who are thus compensated within the organization is reasonable and, in principle, does not exceed 0.3 of a category in its average for the most recent half year.

3. In cases of work performed for a collective project wage, the fixing of the collective project rates is based on the wage rates of performed work categories. The allocation of realized collective earnings to individual workers is conducted according to Art 4, Para 9 of the guidelines of the Federal Ministry of Labor and Social Affairs dated 30 January 1981, file number 313-1674/80-7210 for the implementation of wage forms.

4. If an organization assigns a job to a worker compensated according to a wage rate for a performed work category that is within the terms of his contract but which belongs in a category at least two levels below his personnel category[4], or work for which a lower wage rate has been established, then it will provide him during the time he is performing this work, up to a maximum of 30 days, a supplementary allocation equal to the difference between the wage rate of the category which is one level lower than his personnel category and the wage rate of the performed work category.[5]

This supplementary allocation is not provided if there is alternation of various work activities during work in a group during a shift, because this requires production technology or labor organization.

5. If an organization assigns a worker, within the framework of his labor agreement, to several important tasks (projects) for a temporary period of time, and it is impossible to compensate him for them efficiently with a more appropriate form of wages then he is qualified to receive, during this period, a wage equal to the corresponding average earnings, exclusive of overtime wages[6], for a period of not over 60 working days or, with the agreement of the supervisory organ, for a period of 90 working days in a calendar year. Such tasks (projects) include in particular:

a) the testing, passing on and mastery of new labor methods, new techniques and technology (with the exception of specialized instructional teams),

b) the testing of production and other equipment,

c) development work,

d) work related to the shakedown period of new production,

e) the elimination of serious operational disruptions and equipment accidents,

f) the repair, rebuilding and modification of production units and machinery apparatus,

g) urgent work to avert natural disasters and to overcome their consequences,

h) participation in essential briefings prior to and after returning from assembly assignments,

i) work at exhibitions and trade fairs,

j) participating in, or acting as an escort on excursions,

k) participation in professional training established by an organization as a responsibility related to the performance of an agreed upon type of work.

6. An organization may also provide a worker with wages under the preceeding paragraph when that worker has been transferred, due to other essential operational needs of the organization, to work other than that agreed upon, and will be performing this work for more than 30 days in a calendar year[7], but for a period no longer than an additional 30 working days or, with the agreement of a supervisory organ, for an additional 60 working days in a calendar year; under the condition that the essential operational requirement continues to exist and that the organization does not consider it to be effective or economical to terminate the working agreement with the employee and cannot undertake other appropriate organizational measures. This provision may not be utilized in cases of downtime or of work disruptions caused by unfavorable weather conditions.

Section 6: Personal Wages

1. An organization may grant an hourly or monthly personal wage which exceeds by as much as one-third the wage rate of the awarded personnel category to those workers who have been awarded the sixth or higher personnel category and who have demonstrated by their superior work performance an exceptional ability to practice their profession.

2. A personal wage is always established for a worker from the first day of a calendar month and is provided only for the period for which the reasons continue on the basis of which the personal wage was awarded. The repeal of a personal wage may be undertaken by an organization as long as it informs the worker of the reason for this decision in writing and lets him know at least 1 calendar month prior to the repeal date.

3. A personal wage may not be awarded to workers who have chosen to work according to personal evaluation.

4. The ministry may establish more detailed conditions for the awarding of personal wages.

Section 7: Wage Forms

1. An organization may compensate workers by hourly, task, percentage, or mixed wages. The choice and application of a wage form is to be decided by the organization according to guidelines of the Federal Ministry of Labor and Social Affairs[8], suggestions of the ministry and supervisory organs, so long as the utilization of a wage form is not established by a generally binding wage regulation.

2. The granting of personal evaluation, premiums, bonuses and shares according to economic performance is to be administered according to internal guidelines, rules for premiums and, in some instances, by collective agreements in accordance with specific regulations and implementational suggestions of supervisory organs.

Section 8: Bonuses for Exceptionally Hard Physical Work

Workers who perform exceptionally hard physical work as described in a special directory (Supplement No 4) are provided by an organization with wage adjustments in the form of bonuses equal to 10 to 20 percent of their earnings (excluding shares in economic performance, wage reimbursements and one-time bonuses) in performance of this work during the wage-computation period. The amount of this bonus is to be determined by the organization according to the difficulty of the work, and, on occasion, according to previously established conditions.

The general directorate of a concern may, within the framework of its margin, establish a single level for this bonus for comparable work activities. It may also decide that the bonus will be provided from task earnings or category wages.

Section 9: Bonuses for Work Under Conditions Which Are Difficult and Harmful to the Health

1. An organization is to provide bonuses to workers who work under significantly difficult and health-threatening conditions.

2. This bonus is graded into two groups and amounts to, per hour of work under significantly difficult and health-threatening work conditions to the extent that these are not aggregated into the wage rates:

for group I	Kcs 1.00/hour
for group II	Kcs 1.50-3.00/hour

3. The evaluation and inclusion of significantly difficult and health-threatening work conditions in groups, and the amount of the bonus, within the framework of the margin for group II, is established in Supplement No 3.

Section 10: Compensation for Work Entailing High Health Risk

Workers who perform work under exceptionally difficult and risky working conditions, under which it is necessary to use self-contained breathing apparatus, or who work under water or under very high temperatures are compensated according to a special regulation.[9]

Section 11: Extra Pay for Work in High Places

1. Workers who work in high locations in a restricted working space, or under conditions requiring forced body positions are provided with bonuses by organizations.

2. On an hourly basis, this bonus amounts to

a) in a restricted working area on working platforms (in cages, on suspended scaffolding, on a working walkway, etc.), an amount equal to Kcs 1.50-2.00 for heights over 10 meters; an amount equal to Kcs 2.00-3.00 for heights over 50 meters;

b) in enforced body positions without a work platform (working from a rope ladder, hanging chairs, and slings with a safety harness, etc.), Kcs 3.00 for heights in excess of 10 meters, Kcs 3.00-4.00 for heights over 20 meters, and Kcs 4.00-5.00 for heights over 50 meters. If the work in question is performed at greater heights, an increased bonus amount may be provided, as follows;

--at heights in excess of 150 meters, an additional Kcs 6.00 under the conditions described in letter a) above, and Kcs 8.00 under the conditions described in letter b);

--at heights in excess of 300 meters, an additional Kcs 10.00 under conditions described in letter a), and an additional Kcs 13.00 under conditions described in leter b).

3. The general directorate of a concern may establish a higher bonus amount within the framework of its established margin.

Section 12: Bonuses for Work Abroad

1. An organization is to provide bonuses for workers sent on assembly assignments or on other, similar jobs (for instance, construction work) to countries (areas) with difficult climatic and hygienic conditions.

2. This bonus is to amount to Kcs 2.00 per hour

a) in Murmansk, Archangelsk, Tjumen, Amur and Magadan oblasts of the USSR, in the Komi ASSR, the Chabarov Kraj, in other locations in the Asian part of the USSR lying north of the 60th parallel and in the Central Asian republics of the USSR,

b) in other Asian countries with the exception of Japan and Cyprus,

c) in the countries of Africa with the exception of the Republic of South Africa,

d) in the countries of Central and South America,

e) on the islands of the tropical zone of Oceania.

3. An organization may increase the bonus under the preceeding paragraph by as much as Kcs 3.00 per hour in particularly difficult climatic and hygienic conditions in the countries mentioned in the preceeding paragraph, with the exception of the Central Asian republics of the USSR, the Algerian Democratic and People's Republic, the Republic of Tunisia, the Kingdom of Morocco, the Egyptian Arab Republic, the Socialist People's Libyan Arab Jamahiriyah, the United Mexican States, the Republic of Cuba, the People's Republic of China, the People's Democratic Republic of Korea, Israel, and with the exception of the cities of Sao Paolo, Rio de Janeiro, Damascus, Ankara and Beirut.

Section 13: Bonuses for Group Leadership

1. An organization is to provide bonuses for the leadership of a group to workers who are entrusted with the administration and organization of work in a floating work group (hereafter referred to as a group leader) and who themselves work in the group. A work group is a collective composed of at least four employees, including the group leader.

2. A bonus is also provided in instances when, because of safety regulations[10], fewer than four, but at least two workers (belonging to the same rate category) are assigned to certain work sites of coal mines (on waste dumps), one of whom must be designated as the foreman.

3. The bonus amounts, on an hourly basis, to Kcs 1.00 for the leadership of a group with 4 to 8 members, and Kcs 1.50 for groups with 9 to 14 members.

4. For the leadership of large groups (15 and more members), a bonus in the amount of Kcs 1.50-2.50 per hour is provided. The bonus amount is determined within the framework of organizational margin and with a view to the difficulty of leading the group.

5. Bonuses for group leadership of up to Kcs 2.50 per hour may also be provided on an exceptional basis for the leadership of groups with fewer than 15 members in a shift, if it is a matter of work under especially difficult technological and organizational conditions. The general directorate of the organization is responsible for determining the criteria for especially difficult conditions and for the differentiation in bonus amounts.

6. Bonuses are not provided for group leaders for whom the directing and organizing of work for group members is a characteristic of their profession (a bound group)[11].

Section 14: Work Incentives in Multishift Operations

1. An organization is to provide bonuses in the amount of Kcs 1.50-2.50 per hour for workers who work on an afternoon (second) shift, but for a maximum of 8 hours. The general directorate of the concern is to determine the bonus amount within the constraints of its margin.

2. An afternoon (second) shift is understood to be that shift in a multishift operational schedule, at least 5 hours of which fall within the period from 1400 to 2200 hours.[12]

In cases of exceptional alterations in the starting time and alternation of shifts, the definition of the afternoon shift rests with the ministry, in conjunction with the Federal Ministry of Labor and Social Affairs and the central committee of the Mining and Energy Industry Employees Trade Union.

3. No bonus is to be provided

a) for work in a single-shift work schedule,

b) for overtime work, with the exception of cases when a worker draws on his replacement leave while working overtime, or

c) for work performed during normal working leave, for which the worker is not entitled to wage replacement.[13]

Section 15: Work Incentives for Night Shift

1. An organization is to provide bonuses in the amount of Kcs 2.50 to workers who work on a night shift[14], and in the amount of Kcs 3.50 per hour for workers who perform work primarily on a night shift, for a maximum, however, of 8 hours.

Decree No 63/1968 of the Laws of the CSSR, concerning the principles for a shortening of the weekly work time and for the introduction of operational and work schedules based on a 5-day work week.

2. The night shift is understood to be a shift at least 5 hours of which fall between 2200 and 0600 hours.[15]

3. A bonus of an equal amount is also provided to workers for night work which lasts at least 2 hours. Night work is work performed between 2200 and 0600 hours.

4. A bonus is not provided

a) for overtime work, with the exception of instances when a worker draws on his replacement leave while working,

b) for work performed during normal work leave, for which the workers is not entitled to wage replacement,[13]

c) for work which ends at night, but before 2400 hours, or work which begins after 0400 hours.

Section 16: Work Incentives for Saturdays and Sundays

1. For workers who, within the framework of the established work period, work on Saturday and Sunday, an organization is to provide extra pay in the amount of 50 percent of the wage rate for the awarded personnel category per hour of work on Saturday and Sunday, and in the amount of 25 percent in cases of work in excess of the established work week; for the work involved in loading and unloading railway cars, an organization may increase the extra pay to as much as 50 percent of the wage rate.

2. Workers are entitled to a bonus in addition to any extra pay due them for overtime work, work on afternoon and night shifts, or on holidays.

3. No bonus is provided

a) for work performed during normal work leave for which a worker is not entitled to wage replacement[13],

b) for work on those Saturdays and Sundays which are considered working days by decision of the CSSR Government.[16]

Section 17: Wage for Overtime Work

1. For overtime work arranged by the organization, or performed with its authorization, the organization is to provide workers with replacement leave only by agreement with them, and then for each hour of overtime work there is to be one hour of replacement leave. If an organization provides replacement leave for a worker, that worker is enttitled to be paid for the work he performs without any extra pay, according to Para 2, and Para 3.

2. A worker who has been granted replacement leave is entitled to a bonus on top of his base pay, per hour of overtime work

a) in the amount of 25 percent of the wage rate of the awarded personnal category or

b) in the amount of 50 percent of the wage rate for the awarded personnel category, if it is a question of overtime work at night or during days of uninterrupted rest during the week.

3. Guards, doorkeepers and factory security guards are entitled to a single bonus in addition to their base wage in the amount of 33 percent of the wage rate for their awarded personnel category per hour of overtime work, without regard for whether this overtime work took place during the day, at night, or on days off.

The ministry, in conjunction with the central committee for the Mining and Energy Industry Employees Trade Union, may establish additional worker categories for which single bonuses of the same amount may be awarded for overtime work.

4. A worker who is compensated by a monthly wage and who has not been provided with replacement leave, is entitled to a wage for each hour of overtime work which amounts to, as a percentage of the basic monthly wage, with bonuses according to the preceeding sections

--1/185, for 42 or 42 1/2 hour workweeks,

--1/180, for 41 1/4 hour workweeks,

--1/175, for 40 hour workweeks.

Section 18: Wages and Wage Replacement During Downtime

1. If a worker is unable to perform, through no fault of his own, work due to an unforseeable, temporary problem caused by a breakdown of machine apparatus, in the delivery of raw materials or propellants, questionable working conditions, or other similar operational reasons (downtime), and if the organization transfers him to other (replacement) work than that which had been negotiated, he is entitled to a wage according to the work performed, but which amounts to no less than the corresponding average earnings, not including overtime wages[6]. A worker is not entitled to supplements to his average earnings if he does not achieve, through his own fault, the same average performance for the work for which he was transferred as that achieved by workers who perform the same work. Work interruptions caused by unfavorable weather conditions are not considered to be downtime.

2. If an organization does not transfer a worker to other work, he is entitled to wage replacement equal to the wage rate of his awarded personnel category.[4] Insofar as his average hourly (daily) earnings, presented in Para 1, are lower, then wage replacement is provided in the amount of these average earnings. If it is a question of downtime during work on a holiday, then a worker is entitled to wage replacement in the amount of his average earnings.[17]

3. Wage replacement, according to Para 2, may be granted a worker if the disruption in work lasts at least 60 minutes on a shift; individual work disruptions on one shift which last at least 15 minutes are added up.

4. A worker who cannot continue at work for reasons of his own causing, or who refuses, without good reason, work to which he has been transferred, or who does not immediately inform his direct superior of a situation preventing him from performing work, or who is compensated on the basis of a shared wage, or in some instances a mixed share wage,[8] is not eligible for wage replacement.

Section 19: Wages and Wage Replacement Under Unfavorable Weather Conditions

1. If a worker cannot perform work due to unfavorable weather conditions and if the organization transfers him to work other than that which had been contracted for, he is entitled to a wage equal to the wage prior to his transfer to other work because of downtime (Section 18, Para 1 of this decree).

2. More specific conditions may be established by an organization when they are not set by a supervisory organ.

Section 20: Wages for Continued Training

Worker compensation during completion or continuation of training is administered by a special regulation.[18] Where a qualification category is mentioned, this is to be understood as a personnel category.

Section 21: Compensation for Work Preparedness

1. If an organization[19] arranges with a worker, or contracts with him so that he will be prepared after working hours to be called to the work site, it will provide him a bonus in the amount of Kcs 1.00 per hour of preparedness and,

if it is a question of a day off, in the amount of Kcs 2.00 per hour. If a worker is called upon to perform work, he is entitled to a wage for that work.

The minimum amount of compensation for work preparedness amounts to Kcs 10.00 per calendar day, and Kcs 25.00 for days off.

2. For work preparedness at the work site, or for the performance of inspectional preparedness services, an organization will provide a worker compensation per hour of this preparedness in the amount of 50 percent, and if on a day off, in the amount of 100 percent of the wage rate for the category of work for which it arranged or contracted for the preparedness.

In place of this bonus, the general director may establish a single rate in korunas for the performance of inspectional preparedness services.

3. In addition to the bonuses mentioned in the preceeding paragraphs, it is impossible to provide other bonuses or extra payments for labor preparedness.

Section 22: Special Provision for Drivers of Highway Motor Vehicles

1. For expecially fatiguing and difficult work, an organization is to provide drivers of motorized cargo vehicles extra pay which amounts to, per hour of transport output

a) Kcs 1.00 for trucks and tractor trailers with a trailer (or trailers) with an overall trailer weight of up to 12 tons, semitrailers with a total trailer weight of up to 16 tons, for assembly trucks with hydraulically telescoping work platforms and for tank trucks of all types;

b) Kcs 1.50 for trucks and tractor trailers with a total trailer weight of from 12 to 20 tons, semitrailers with a total trailer weight of from 16 to 30 tons, or for the transportation of loads more than 18 meters in length by motorized vehicles;

c) Kcs 2.00 for trucks and tractor trailers with a trailer(s) having a total weight in excess of 20 tons, or semitrailers with a trailer weighing in excess of 30 tons.

2. When project wages or other wage forms are utilized, it is possible to award bonuses under the preceeding paragraph on the basis of kilometers traveled rather than on the basis of transport performance per hour. Bonuses awarded in this way, when converted to transport performance per hour, may not exceed on the average the rate established in para 1.

3. An organization may award a bonus in the amount also of Kcs 1.00 per hour of service of other mechanized equipment making up a part of a vehicle, and on occasion of specialized equipment making possible the mechanization of loading operations (hydraulically telescoping arms, telescoping platforms, portable compound mixers, etc.). This provision does not cover hinged vehicles.

Section 23

1. For the interruption of work caused by a split shift, drivers of personal and delivery vehicles, buses and trucks transporting people are entitled to extra pay in the amount of Kcs 10.00 for each split shift.

Drivers of a vehicle cited in Para 1, which is not utilized on a given day for work purposes either at all or only for a part of the normal work day while on a business trip and staying at a temporary location, are entitled to a wage for hours corresponding to the working period established for that day. If, however, his output reaches or exceeds this established worktime, then he is to be compensated for those hours spent in the performance of work.

FOOTNOTES

1. For the purposes of this decree, an organization is to be understood as the general directorate of a concern, a concern enterprise and a concern target organization, to the extent that the statute has designated the concern as one which may deal independently in legal and labor relations.

2. Federal Ministry of Fuels and Energy Decree No 4/73, dated 28 September 1973, concerning the wage conditions of the employees of the mine rescue service.

3. Section 60, Para 1 of the Labor Code (full text in No 55/1975, Laws of the CSSR), Section 6 of CSSR Government Resolution No 54/1975, which is the implementing legislation of the Labor Code.

4. The rate for an awarded personnel category is established according to the normal weekly work time, the scale of wage rates at a work site prior to transfer, and the work schedule.

5. The amount of the personnel category rate does not change after a period of 30 working days.

6. Section 5 of Decree No 112/1975 of the Laws of the CSSR, which modifies certain details concerning the determination of average earings.

7. In the event that a worker is transferred to another job under Section 37, Para 3, letter c of the Labor Code, he is entitled after 30 working days to a wage according to Section 115, Para 3 of the Labor Code.

8. Guidelines of the Federal Ministry of Labor and Social Affairs of 30 January 1981, file number 313-1674/80-7210 for the implementation of wage forms.

9. Guidelines of the Federal Ministry of Labor and Social Affairs concerning the compensation for jobs which are highly hazardous to human health and are performed with self-contained breathing apparatus.

10. Volume I, Section 01011 and Section 01015 of the decree of the Czech Mining Agency, dated 3 January 1971 and of the safety regulations of the Slovak Mining Agency, dated 1 February 1971.

11. Guideline No 1/80 of the Federal Fuel and Energy Ministry; Principles for the provision of bonuses for floating group leadership.

12. If a worker works at least 5 hours in an afternoon (second) shift, a bonus is provided to him for the entire shift, to a maximum of 8 hours, on the condition that the entire shift proceeds according to the established schedules for shifts.

13. Section 27, Para 2 of CSSR Government Ordinance No 54/75 of the Laws of the CSSR, according to which the Labor Code is implemented.

14. Sections 83 to 85 of the Labor Code.

15. If a worker works at least 5 hours on a night shift, he is provided with a bonus for the entire shift, up to a maximum of 8 hours, on the condition that the entire shift proceeds according to the established schedules for shifts.

16. Section 94 of the Labor Code.

17. Section 118 of the Labor Code.

18. Decree of the Federal Ministry of Labor and Social Affairs, dated 1 July 1971, file number 11/3-190/71-7208/Sm, concerning the compensation of employees following a period of advanced training (No 13/1971 of the CSR Central Committee, No 27/1973 of the SSR Central Committee, registered in Section 13/1971 of the Laws of the CSSR).

19. Decree No 9 of the Ministry of Mining, dated 1 April 1967 to support the carrying out of Art II of the Labor Code.

Guidelines of the former Central Energy Administration, dated 17 February 1966, No 4--implementation suggestions for the Labor Code.

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CSO: 2400/137

PLAN FULFILLMENT FIGURES FOR 1981 REPORTED

Prague RUDE PRAVO in Czech 2 Feb 82 pp 1, 3

[Report of the Federal Office of Statistics: "Effort To Meet Plan Targets Characterizes 1981"]

[Text] In accordance with the resolutions of the 16th CPCZ Congress, the principal goal of the 1981 state plan was the attainment of higher efficiency and quality of all work, intensification of the national economy and strengthening of its balance. The emphasis was placed on the agreement between the production structure and domestic market demands, capital investment and foreign trade.

Despite complex external and internal conditions, a number of positive results were achieved in 1981. The country's political and economic potential further increased. This was made possible by the self-sacrificing work and initiative of workers. The economy continued to register an upward trend. The present high living standard and social security of citizens were maintained.

Exports exceeded imports and this favorably affected the balance of payments. The application of the Set of Measures for Improving the Planned Management System of the National Economy in industry since the beginning of 1981 was favorably reflected in surpassing the plan of adjusted value added, reduced material costs and increased returns on production assets. The overwhelming majority of industrial enterprises fulfilled production plans. Fuels and electric energy were supplied to the national economy without interruptions. The year 1981 was characterized by the effort of the party and society to meet the plan targets and enforce the quality criteria.

The fulfillment of planned tasks was adversely affected by objective difficulties and defective management. These shortcomings manifested themselves in the insufficient use of intensive growth factors, particularly in the slow practical application of scientific and technical achievements, the low increase in labor productivity, delays in putting completed capacities into operation, inadequate utilization of capital assets, insufficient export competitiveness of the economy and excessive increases in inventories. Despite a small decrease per unit of production, the state target plans for fuel, energy and metal savings were not fulfilled. The inadequate results in the rationalization of fuel, energy and metal consumption undermined the effort to achieve higher efficiency.

According to preliminary estimates, the national income increased slightly and amounted to Kcs 454 billion.

It was industrial production which largely accounted for the national income increase. In comparison with 1980, the total industrial production volume increased 2.0 percent. Production in engineering and light industries increased most rapidly. The planned volumes of shipments to the domestic market, foreign trade, investment projects and manufacturing consumption were fulfilled, although the specific structure was not maintained.

The volume of gross agricultural production was smaller than anticipated by the plan. In comparison with 1980, it declined 3.4 percent and crop production alone declined 7.1 percent. The shortfall in the harvest of grains and some other agricultural products adversely affected the fodder supply.

The volume of construction work was 2.0 percent below the 1980 level, although the plan had anticipated a 2.7 percent increase. The construction enterprises failed to adjust the structure of construction capacities to the needs of the national economy.

The volume of investment work and deliveries was 1.9 percent small than in 1980. The rate of investments was reduced. The efforts failed, however, to shorten the construction periods, reduce the scope of unfinished projects on the scale specified by the plan or to put production capacities into operation on time.

In comparison with 1980, the foreign trade volume increased 7.5 percent and with the socialist countries alone 10.6 percent. The basis for the expansion of external economic relations was economic cooperation with the socialist countries and particularly with the Soviet Union. Further progress was made in production specialization and cooperation within CEMA.

The share of individual and social consumption in the national income increased. Individual consumption increased 1.0 percent. The further increase in earned and social incomes resulted in a 2.8 percent increase in nominal money incomes over the 1980 level. Real incomes increased 2.0 percent. Despite considerable effort to maintain the stability of the domestic market, there were minor shortcomings in regard to assortments. Retail trade turnover increased 2.0 percent and 94,100 apartments were completed. Further progress in education, culture, health care and improvements in living and working environment improved living conditions in general. Expenditures on social consumption increased.

Scientific-Technical Development

Despite the achieved results, the rate of application of scientific and technical achievements in the production sector corresponded neither to the needs nor to the possibilities of the economy.

The research and development tasks of the state plan of technical development were fulfilled 95.5 percent and implementation outputs 92.3 percent. The forces and funds of the research and development base did not sufficiently concentrate on the solution of key tasks.

Among the research and development problems successfully solved were for example mechanized mine tunneling, automation of designs in electronics and electrical engineering, a system of rotary components' machining, radial low-profile tubeless tires with steel cords for trucks.

On the basis of implementation outputs, production started of weldable structural steels, a modernized type series of fully automated centrifugal separators, very efficient solution chromatographs, self-propelled harvester-mowers, seamless pipes made of microalloyed steels, hybrid integrated multi-layer circuits.

The share of new products in the total production volume increased from 10.7 percent in 1980 to 15.3 percent in 1981. Likewise, the share of products of high technical-economic standards in the total production volume increased.

There was a further increase in the number of license agreements signed with the Soviet Union and other socialist states, particularly in the area of construction and operation of nuclear power plants. The use of licenses in the production sector contributed to the innovation of products and production technologies. The innovators and inventors movement made further progress.

Scientific-technical cooperation with the CEMA countries further expanded. The CSSR participated in the work of more than 50 coordination centers for scientific-technical research operation within CEMA.

Scientific-technical cooperation of the CSSR with the Soviet Union accounted for important problems being solved in 1981, such as production of a series of spindleless pneumatic spinning machines for cotton, wool, flax and synthetic fiber yarns which double or even triple the labor productivity increase in the finishing-spinning process. Cooperation also continued in the development of industrial equipment for electronic lithography. The main contribution of the solution of these problems will be to reduce imports from the nonsocialist states and increase exports to the socialist countries.

Capital Investment

The scope of investments and deliveries was smaller than in 1980; total volume, including the "Z" beautification campaign and private construction, amounting to Kcs 144.8 billion including construction work worth of Kcs 85.5 billion and machinery and equipment worth Kcs 59.3 billion.

Considerable amounts of funds were spent on the expansion of the fuel-energy basis, gradual creation of conditions for the implementation of planned structural changes and comprehensive housing construction.

The planned volume of work and deliveries for capital construction was fulfilled 98.6 percent. Deliveries for construction projects with budget costs exceeding Kcs 2 million were not met, while construction work in projects with less than Kcs 2 million in budget costs were exceeded by Kcs 0.5 billion.

The balance of budget costs of projects under construction were reduced 13 percent, primarily by restricting the scope of new building starts. On the other hand, the construction periods were not substantially shortened nor was the completion of projects sped up. This was significantly reflected in putting production capacities specified as mandatory into operation. Some major capacities were not put into operation on time. Of 107 capacities listed as mandatory tasks, only 62 were put into operation last year. Shortcomings in territorial and design preparation persisted.

Among the production capacities put into operation on time, the following must be particularly mentioned: the Cierny Vah repumping hydroelectric power plant; M. Gorky Giant Mine -- Project 4; Nejedly Mine -- Rtyne mine; Most Mine -- Project 2; VZSKG [Klement Gottwald Iron Works in Vitkovice] Ostrava -- expansion of gearing systems production plant; Hodonice grain silo. With a small delay, the following key production capacities were put into experimental operation: new refinery in CHZ CSSP [Chemical Plants of Czechoslovak-Soviet Friendship] Litvinov; Ruzomberok wood pulp processing plant; Michle II heat plant; NKHG [New Metallurgical Work of Klement Gottwald] Kuncice -- coke-oven battery No 11; Trmice heat plant.

Industry Resource Formation

Production in the centrally planned industries increased 2 percent over the 1980 level which was 0.2 percent less than anticipated by the plan.

The production increase in individual sectors varied. The production increase was bigger in the processing sectors and smaller in the sectors consuming relatively more raw materials and energy.

The total deliveries of products and merchandise increased (at comparable wholesale prices) 1.7 percent in the centrally planned industries. Shipments for manufacturing consumption and operation increased 2.4 percent, for export to the socialist countries 2.6 percent, for export to the nonsocialist countries 5.2 percent, and deliveries of machinery and equipment for capital investment projects 5.5 percent. The volume of deliveries to domestic trade increased 0.4 percent. The structure of deliveries gradually adjusted to the needs of the economy.

In accordance with the adopted measures and increased financial enterprise incentives for reduction of material costs, favorable fulfillment was achieved of the plan of adjusted value added, which was surpassed 0.9 percent in the centrally planned industries.

The costs of industrial production declined in 1981. The share of total costs in production volume decreased 0.3 percent and of materials costs alone 1.1 percent in comparison with 1980. The wage costs registered a slight increase. The tendency toward reduction of material costs has not yet fully manifested itself in some sectors and branches.

Labor productivity in the centrally planned industries (in terms of industrial output per worker) increased 1.6 percent in comparison with 1980. The labor productivity increase accounted for 79 percent of the production increase. The average monthly wage of the worker amounted to Kcs 2,831 which represented a 1.9 percent increase in comparison with 1980. The relation anticipated by the plan in the development of labor productivity and average wages was not maintained.

The utilization of working time by blue-collar workers in industry increased from 91.3 percent in 1980 to 91.5 percent in 1981. The share of overtime work decreased from 5.8 percent in 1980 to 5.6 percent in 1981. The shifts coefficient among industrial blue-collar workers reached a value of 1.325 (as compared with 1.324 in 1980). Average employment in centrally planned industry was 2,646,000 in 1981 which was 11,000 more than in 1980.

The following results were achieved in individual industrial sectors in 1981: Output in the coal industry amounted to 122.8 million tons of coal and lignite. Despite the difficult weather conditions in the fourth quarter and a labor shortage, the annual output plan was fulfilled 99.9 percent. However, the anticipated structure of mined coal was not attained nor were the plan targets for the removal of overburden met. The continuous supply of the national economy and population with fuels was secured. In this context, the work effort of miners in the fulfillment of their tasks must be highly appreciated.

Electricity production amounted to 73.5 billion kWh which was 1 percent more than in 1980. The nuclear power plant accounted for 83.6 percent of the total increase in electricity production. The supply of the national economy with electric energy was generally smooth.

In the metallurgical industry, production increased 0.9 percent, though the plan had anticipated a slight decrease. The production increase in ferrous metallurgy amounted to 1.5 percent, while a 1.8 percent decrease was registered in ore output and dressing, and production in the metallurgy of nonferrous metals declined 0.9 percent. Within the slight increase in the production of basic metallurgical products, there was a 2.8 percent increase in the production of materials made of high-grade steels, a 4.4 percent increase in the production of thin sheets, a 14.2 percent increase in the production of rolled sheets for electrical engineering and so on.

Overall engineering production increased 3.9 percent. This was 0.9 percent below the planned increase. The production increase in heavy engineering was 3.1 percent, while the state plan had anticipated a 5.5 percent increase. Production in general engineering increased 3.9 percent but the increase fell 0.9 percent short of the target. The production increase in heavy engineering amounted to 3.1 percent, while the state plan had anticipated a 5.5 percent increase. Production in general engineering increased 3.6 percent, while the state plan had anticipated a 4.3 percent increase. The biggest production increase was registered in the electrical engineering industry, where planned production growth rate was surpassed 1.3 percent.

In the engineering production structure, some modern progressive sectors were further strengthened sectors, such as production of component parts for the electronics industry, electrical engineering, nuclear power plants as well as for some consumer products. Even the expanded production in these sectors, however, still did not meet the needs of the national economy.

A bigger -- 95.1 percent -- increase was registered particularly in the production of equipment of nuclear power plants, a 32.4 percent increase in the production of microelectronic circuits, a 20.0 percent increase in the production of machinery and equipment for the chemical industry, a 14.2 percent increase in the production of diesel locomotives above 600 kW, and a 8.3 percent increase in the production of machinery for building and highway construction.

In the area of spare parts, the biggest increase -- 12.1 percent -- was registered in the production of spare parts for trucks and buses and a 7.5 percent increase in the production of spare parts for cars. Problems in the production and assortment of spare parts still persisted.

In connection with the necessity of restricting imports of basic raw materials, the total production of the chemical industry increased 0.1 percent. Production in the chemical industry and crude-oil processing declined 0.5 percent. Production in the rubber-asbestos industry increased 3.6 percent. Production increased 1.8 percent in the wood-processing industry, including a 1.9 percent increase in the wood pulp and paper industry and a 1.8 percent increase in the wood-processing industry proper.

The total production volume in light industry increased 2.5 percent. A more rapid increase of 2.9 percent was registered in the textile industry and a 3.3 percent increase in the garments industry. The production increase amounted to 1.6 percent in the leather and shoe industry, 1.9 percent in the glass, porcelain and ceramics industry and 1.6 percent in the printing industry.

Production of building materials increased 1.5 percent. A bigger increase was registered in the production of wall tiles -- 11.8 percent, bricks -- 4.7 percent, while the production of ceramic roof tiles and prefabricated sections slightly declined.

Production in the food industry increased 1.5 percent. The most rapid production increase was registered in the flour milling and bakery industries -- 5.2 percent.

The nonfulfillment of the plan of purchase of some agricultural raw materials and the partial reduction of their imports were reflected in the fulfillment of planned production tasks in some branches of food industry. The sugar industry fulfilled the plan 91.4 percent, the milk industry 98.4 percent, the fats industry 98.8 percent and the canning and distilling industries 99.0 percent.

Within the production increase over the 1980 level, there were produced 974,700 tons of meat for direct consumption (a 1.2 percent increase), 776, 900 tons of refined sugar (a 0.3 percent increase) and 23,934,000 hectoliters of beer (a 2.3 percent increase). A total of 126,700 tons of butter were produced in 1981 or 99.0 percent of the 1980 volume.

Output of Important Industrial Products

	Standard Unit	1981 Reality	1981 in % of 1980
Pit coal (output for sale)	1,000 tons	27,513	97.6
Brown coal including lignite (output for sale)	1,000 tons	95,282	100.4
Electric energy	mil. kWh	73,462	101.0
Ingot steel	1,000 tons	15,270	100.3
Rolled material	1,000 tons	10,794	100.3
Nitrogen fertilizers	1,000 tons/N	539.2	87.2
Potash fertilizers	1,000 tons/K_2O	205.8	101.4
Plastics	1,000 tons	912.9	102.1
Synthetic fibers	1,000 tons	165.1	102.2
Tires for cars	1,000	3,229	103.4
Cars	each	180,590	98.3
Trucks	each	45,908	100.5

	Standard Unit	1981 Reality	1981 in % of 1980
Antifriction bearings	1,000	70,171	102.9
Machinery and equipment for chemical industry	Millions Kcs	1,061.5	120.0
Machinery and equipment for agriculture 1)	Millions Kcs	2,471.2	103.1
Refrigerators and freezers for households	1,000	379.6	107.7
Washing machines for households	1,000	374.8	105.5
Furniture made of wood and other materials	Millions Kcs	6,637.5	99.9
Cotton fabrics	Million meters	574.2	102.4
Shoes, total 1)	Million pairs	114.8	100.3
Cement	1,000 tons	10,645.6	100.9
Lime	1,000	3,234.3	107.2

1) Excluding local industry and Union of Production Cooperatives

Building Industry

The state plan was not fulfilled in construction. The construction volume performed with internal labor resources declined 2.0 percent in comparison with 1980, while the state plan had anticipated a 2.7 percent increase. The planned tasks were not fulfilled, particularly in capital construction and comprehensive housing construction.

The main reasons for the nonfulfillment of the plan were the slow adaptation of construction enterprises to the changed conditions and requirements of capital investment, shortcomings in the work organization, improper labor structure and inadequate structure of the material-technical base of construction enterprises. The fulfillment of the construction work plan was also hindered by the dispersion of available capacities among the excessive number of unfinished projects and defective territorial and design preparation of a number of newly started projects.

The volume of construction work performed on the projects specified as mandatory tasks increased 1.7 percent over the 1980 level and the state plan was surpassed 5.7 percent.

The average number of workers in the construction enterprises was 552,000 in 1981, which was a 0.7 percent decrease in comparison with 1980. Labor productivity was 1.3 percent lower than in 1980, while the average monthly wage of workers of construction enterprises increased 1.1 percent and exceeded Kcs 2,900. The planned relation between the development of average wages and labor productivity was not maintained.

Transportation and Communications

Public freight transportation carried 653.6 million tons of goods which was 3.1 percent more than in 1980. The state freight transportation plan was fulfilled 101.2 percent. The volume of freight transportation handled by industrial plants increased 1.8 percent. It was an unfavorable fact that freight transportation increased at a more rapid rate than production.

Railroad transportation carried 286.3 million tons of goods, or approximately the same amount as in 1980. Railroad loading amounted to 241.8 million tons, the 1980 level being surpassed 1.5 percent. Nevertheless, the planned shortening of the average period for railroad-car circulation was not achieved because of shortcomings in management of railroad operation and partly inadequate coordination with the shippers. Spare parts were not delivered in the necessary structure. Railroad transportation did not fulfill the labor force plan particularly in regard to key operating jobs.

CSAD [Czechoslovak Automobile Transporation] highway transportation carried 356.2 million tons of goods, which was 5.6 percent more than in 1980, and the state plan was fulfilled 102.9 percent. Another positive achievement was the reduction of motor fuel standard consumption per 100 kilometers.

River transportation carried 11.1 million tons of goods or 6.1 percent more than in the previous year. The increase in transportation of coal for the Chvaletice power plant largely accounted for this increase.

Public passenger transportation carried 2,583,900,000 persons, while the total number of passengers increased 32.0 million. In comparison with the previous year, the number of passengers carried by CSAD increased by 48.2 million persons, while the number of passengers carried by CSD [Czechoslovak State Railroads] declined by 15.7 million. Due to the economy measures effected in bus transportation, the number of railroad passengers increased in the fourth quarter of the year.

The Prague subway carried 254.8 million passengers, 17.5 percent more than in the previous year.

In communications, there was a further increase in long-distance and interstate telephone calls, and 75,500 new telephons were installed in 1981, 25,000 of which were installed in the households. As of 31 December 1981, there were 3,226,000 telephones including 1,147,000 household telephones in operation. There were 21 telephone stations per 100 inhabitants. The share of long-distance automatic dialing increased from 75.7 percent in 1980 to 79.1 percent in 1981.

In radio communications, six new radio transmitters and the Trencin television station for the second television program were put into operation. As a result, 7 percent of the CSSR territory is now covered by the second television program. Approximately 78.7 percent of Czechoslovak television programs are now broadcast in color.

Agriculture

The results achieved in agriculture last year did not correspond to the plan. A considerable shortfall in the harvest of most agricultural products contributed to the nonfulfillment of the plan and, in comparison with the previous year, was reflected in the decline of agricultural, and particularly crop, production.

According to the preliminary results, the value of gross agricultural production amounted to Kcs 100.3 billion, 3.4 percent less than in 1980. The plan fulfillment fell 5.7 percent short of the target. In comparison with 1980, crop production declined 7.1 percent, while animal production reached almost the 1980 level. In

comparison with 1980, the share of crop production in the total gross agricultural production declined from 41.9 percent to 40.3 percent in 1981. Grain crops accounted for 64.5 percent of the decrease of gross plant production as compared to 1980. The achieved results were adversely affected by unfavorable weather in the course of the entire year and varied widely in individual areas of the state. This was most markedly reflected in West Slovakia and South Moravia krajs which are our important grain-producing areas.

Not all areas were sown in 1981 as planned. The shortfall amounted to 63,000 hectares for grains, 12,000 hectares for legumes and 3,000 hectares for potatoes. The percentage of plowing-in of winter grain crops increased considerably. The harvesting was more difficult and this resulted in considerable losses, particularly in sugar beet. The operability of agricultural equipment was adversely affected by shortages of spare parts.

With the exception of potatoes, corn for silage and hay from permanent meadows, yields per hectare remained below the 1980 level and mostly also below the average level achieved during the Sixth Five-Year Plan. As a result, the intensity of crop production and fodder supply was reduced.

Purchase for the state funds, and particularly for food production, amounted to 3,363,000 tons of grain (excluding corn), 195,000 tons of rape and 835,000 tons of potatoes for direct consumption. The plan of grains (excluding corn) purchases was fulfilled 100.4 percent and the plan for purchase of potatoes for the domestic market 102.3 percent.

Purchase of Animal Products

	Unit of measure	1980 Reality	1981 Reality	1981 Plan	+ Difference against 1980 Reality	+ Difference against 1981 Plan
Slaughter animals total (excluding poultry)	1,000 tons of live weight	1,599	1,612	1,586	+13	+26
Including:						
slaughter cattle	"	669	651	685	-18	-34
slaughter pigs	"	902	937	874	+35	+63
Slaughter poultry	"	245	240	232	- 5	+ 8
Milk	Million liters	5,163	5,169	5,200	+ 6	-31
Eggs	Million	2,683	2,705	2,660	+22	+45

In animal production, the average annual milk production per cow amounted to 3,092 liters, which was about the same as in the previous year, and the average egg production per hen was 229.8 as compared with 228.3 in 1980. The average daily increases in the weight of pigs for further growth and fattening declined from 0.516 kg in 1980 to 0.498 kg in 1981. The corresponding figures for cattle were 0.72 kg in 1980 and 0.68 kg in 1981.

The restrictions on the purchase of beef cattle designed for slaughter and the reduction of the mortality rate of calves positively affected herds. In comparison

with 1980, they increased by 102,000 and those of cows alone by 3,000. The plan targets set for the increase in the number of cows, however, were not met. In accordance with the measures effected in the regulation of numbers of pigs, their numbers declined from 1980 by 591,000 at the end of 1981. The reduction in the numbers of pigs resulted in the temporary increase in the purchase of pork.

Deliveries of industrial fertilizers to agriculture amounted to 1.7 million tons, which represented approximately 250 kilograms of pure nutrients per hectare of agricultural land. Approximately 55,000 hectares of land were reclaimed and 16,000 hectares irrigated.

Forestry

The lumber output amounted to 18,483,000 cubic meters in 1981 and thus exceeded the plan target by 229,000 cubic meters. Shipments of timber amounted to 17,150,000 cubic meters. They surpassed the 1980 level by 147,000 cubic meters and the 1981 plan by 127,000 cubic meters. Fir accounted for 76.9 percent of total lumber output and for 77.8 percent of wood shipments. Apart from wood supply to the national economy, demanding tasks were successfully fulfilled, particularly in reforestation, protection of forests and care of young trees. Some 48,700 hectares were reforested (as contrasted with 46,800 hectares in 1980), while the plan was surpassed 2.8 percent.

Management of Water Resources

Despite some difficulties, drinking water needs were essentially met. The production of drinking water increased from 1,488,000,000 cubic meters in 1980 to 1,548,000,000 cubic meters in 1981. The proportion of population supplied with water from public water supply systems increased to 71.5 percent by the end of the year, and the proportion of persons living in houses hooked up to the public sewer system to 58.4 percent. The plan for both production of drinking water and proportion of population supplied with water from the public water supply system was met.

External Economic Relations

The plan goal to achieve an excess of exports over imports was met.

The Growth Rate of Foreign Trade Turnover
(1981 in % of 1980 at current prices)

Exports, total	109.4	Imports, total	105.8
Including:		Including:	
to socialist countries	111.8	from socialist countries	109.8
to nonsocialist states	104.0	from nonsocialist states	96.4

In relation to the nonsocialist states, the excess of exports over imports was achieved, not only by increased exports, but also by economical use of foreign exchange for necessary imports. The actual exchange relations further deteriorated.

Economic cooperation with the Soviet Union and other CEMA countries constituted the basis of external economic relations. In comparison with 1980, commodity exchange with the CEMA member countries increased 10.2 percent and with the Soviet Union alone 16.5 percent.

Commodity exchange with the socialist countries accounted for 71.9 percent of Czechoslovak foreign trade turnover in 1981. The predominant part of our raw materials and energy needs was secured by long-term trade agreements with the CEMA member countries. The development of foreign trade with the socialist countries was favorably affected by further expansion of production cooperation with the CEMA member states particularly in the area of engineering and electrical-engineering production. By our participation in development of raw materials, prerequisites were created for supplying the Czechoslovak economy with necessary raw and industrial materials.

Living Standard

Despite the aggravated external and internal conditions, the already high living standard was maintained in 1981. With full employment, the average monthly wage, real money incomes and public consumption all increased.

Approximately 7.39 million persons worked in the national economy in 1981, which was 0.7 percent more than in 1980. The labor force increased by 26,000 in the production sphere and 24,000 in the nonproduction sphere.

The average rate of disability due to illness or injury was 4.1 percent.

The population's total money incomes amounted to Kcs 366.9 billion and increased 2.8 percent in comparison with 1980. Earned incomes increased 2.8 percent and social incomes 1.9 percent.

The average monthly wage of workers in the socialist sector of the national economy increased to Kcs 2,690 or 1.8 percent in comparison with 1980. The real wage increased 1.0 percent. Savings deposits increased Kcs 10.9 billion in 1981 and amounted to Kcs 166.2 billion at the end of the year.

Retail trade turnover was Kcs 260.9 billion in 1981, which represented an increase of more than Kcs 5.6 billion in comparison with 1980. Nevertheless, the state plan fell Kcs 0.3 billion short of the goal. The sale of industrial goods did not increase, as planned, more rapidly than the sale of food. Retail trade turnover in industrial goods amounted to Kcs 137.8 billion and accounted for 52.8 percent of total retail trade turnover, while the plan had anticipated its share at 53.7 percent. There were fluctuations in the satisfaction of consumer demand particularly in regard to the industrial goods assortment. Despite local difficulties caused by increased purchases in the fourth quarter, the population's supply was generally adequate.

The comprehensive index of retail prices of commodities and services increased 0.8 percent in 1981 in comparison with 1980. There were no changes in prices of food and meals in public catering establishments. While the prices of motor fuel increased, the prices of some types of consumer goods decreased. The index of household living expenditures rose generally 0.8 percent, of blue-collar workers and employees households 0.9 percent, of cooperative farmers 0.9 percent and of pensioners 0.3 percent.

The population's social consumption increased 3.2 percent in comparison with 1980. On the average, Kcs 9,221 were spent per capita from the social consumption funds in 1981 as against Kcs 8,938 in 1980.

The social security benefits amounted to approximately Kcs 69.9 billion in 1981, including Kcs 43.7 billion paid as retirement benefits. Health insurance benefits remained on the 1980 level. The number of benefits recipients reached 3,827,000, including 2,045,000 old-age benefit recipients, by the end of the year. Allowances for children and other money assistance amounted to Kcs 19.8 billion.

There were 707,000 children in kindergartens during the 1981/1982 school year, representing approximately 85 percent of the respective age group. Of 248,000 students who completed basic school education in 1981, approximately 60 percent continued in their studies, while the rest were placed in selective schools. The total number of apprentices was 405,000, almost 50,000 of whom were enrolled in the courses with a naturita graduation examination. There were 393,000 high school students and 156,00 college students.

The capacity of health care establishments reached 191,000 beds including 120,000 beds in the hospitals. There were 300 persons per physician as compared with 309 person in 1980. Day nurseries accommodated 116,300 children, 25 percent of whom were in nurseries run by factories and JZD [Unified Agricultural Cooperatives].

In housing construction, 94,100 apartments were completed, that is, 15,700 less than anticipated by the plan. Of this total number of completed apartments, 18,700 were constructed by communities, 33,200 by cooperatives, 12,700 by enterprises and 29,500 by individuals.

Dwelling permits could not be issued for 32 percent of completed apartments primarily because of unfinished technical facilities. There also were shortcomings in public facilities for the new housing projects. Building starts were made for 87,900 apartments in the course of the year.

Systematic attention paid to the living environment was reflected mainly in the set of active measures adopted for the solution of existing problems in this area, in the further construction of buildings and equipment for better air and water protection. There was improvement in the disposal of solid waste in scrap yards and dumps. The national committees directed citizens initiative in the "Z" beautification campaign to the construction of additional social, educational and other establishments and beautification of towns and villages. The total value of such construction amounted to Kcs 4.7 billion.

The population increased 57,000 since the end of 1980. Some 117,000 marriages were contracted and 34,500 dissolved during 1981. There were 237,000 live-born children. The CSSR population was 15,339,000 by the end of the year.

Despite unfavorable external and internal influences and the necessity of faster adaptation of the national economy to the new conditions and to the demands for higher efficiency, the results achieved in the development of the national economy in 1981 were generally positive. The national economy further developed in 1981. Workers' initiative in the form of socialist competition made a significant contriution to it.

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EXCESSIVE MEAT PURCHASES BLAMED ON LACK OF CONSUMER GOODS

Prague HOSPODARSKE NOVINY in Czech 29 Jan 82 pp 8-9

[Interview with Eng Vladimir Barta, CSc, director, Trade Research Institute; Eng Stanislav Hejduk, deputy minister in charge of the Federal Price Office; Eng Zdenek Lamser, CSc, CSAV [Czechoslovak Academy of Science]; Eng Frantisek Vanicek, CSc, Research Institute of the Economics of Agriculture and Food; and Eng Milos Vesely, first deputy chairman, Czech Price Office, by Miroslav Kana, Pavel Karel and Jan Prochazka; date and place not given]

[Text] A relatively insufficient supply of good and technically industrial products in our market is unable to attract consumers and forces them to choose between the consumption of a disproportionally high volume of food and the replacement of quantity by quality, namely, to choose at the market from a wide variety of first-class goods and thus to optimize the consumption of food in accordance with the principle of a good diet. After all, these goals are in line with our present economic conditions: Food has become a strategic merchandise; on the other hand, the high productivity of labor in our industry has made it possible for relatively inexpensive production of sound products which can be quickly renewed and which will enable us to satisfy the constantly new needs of our people.

At a roundtable discussion concerning the optimization of consumption--and that applied not only to food--which took place in the middle of January, we talked with the following individuals: Eng Vladimir Barta, CSc, director, Trade Research Institute; Eng Stanislav Hejduk, deputy minister in charge of the Federal Price Office; Eng Zdenek Lamser, CSc, CSAV Economics Institute; Eng Frantisek Vanicek, CSc, Research Institute of the Economics of Agriculture and Food; and Eng Milos Vesely, first deputy chairman, Czech Price Office.

Constantly Growing Costs

In his report concerning party activity and the development of the society in the period following the 15th CPCZ Congress and further tasks of the party in respect to the development of retail prices, Comrade Gustav Husak said the following: "The development of retail prices will to a great extent depend on our work and improved labor productivity and on our successes in introducing effectiveness, quality production and savings. We cannot afford indefinitely

to sell on the domestic market for less than we pay to foreign importers. Price policy must remain under firm management and state control. It must be in harmony with wage and social policy and at the same time it must influence the development of personal consumption and prevent waste."

[Question] Perhaps it would be a good idea to describe at the beginning of our discussion the recent development of food cost.

Hejduk: The cost of food is rising. We are witnessing higher prices of imported merchandise. We pay substantially more for fodder, the raw materials needed for the production of fertilizers and for technology than was the case in the past. Naturally, we also have to deal with internal influences--for example, technology which requires larger investments. However, we must do this if we want to replace human labor by technology. All this is reflected in the growing cost of agricultural production. Consequently, in recent years we have seen a decrease in the profitability of agricultural production and, to some extent, even in the incomes of agricultural enterprises. All this leads us to a need to regulate retail prices and wholesale prices of food.

Vanicek: Let us talk in concrete terms. In the Fifth Five-Year Plan, agriculture showed approximately 12.5 percent cost profitability and in the Sixth Five-Year Plan, only 7 percent. High prices of inputs have significantly affected the structure of agricultural production.

To this you must add the recent deficit in last year's production of grain in the approximate volume of 1.6 million tons. This naturally affects negatively the development of livestock production.

On the other hand, we are witnessing a simultaneous increase in the prices of grains on foreign markets. In addition, there are negative influences resulting in the changes we had to make with respect to our importing partners. We now buy more from advanced capitalist countries. This affects unfavorably our balance of payments and economic effectiveness and complicates our foreign trade position and obviously also the situation in our own agricultural sector.

Vesely: Our goal is to harvest approximately 11 million tons of grain annually. We have not succeeded fully in this respect. Under a rational economy, this volume ought to be sufficient for us. In some years we have come close to this goal.

[Question] How does our agricultural production plan to deal with all these problems look when we cannot count any more on the existing volume of imports of grain and fodder?

Vanicek: To meet the existing conditions, we have reduced the numbers of livestock last year and this year. Consequently, we are reducing our purchase of hogs, cattle, poultry and calves for slaughter, as well as milk and eggs.

The item most affected will be the production of pork because it requires the largest amount of fodder. If, for example, hogs for slaughter need approximately 3.9 kilograms of fodder per kilogram of meat, the figure for

poultry earmarked for slaughter is 2.7 kilograms, for cattle for slaughter only 1.5 kilograms, and for calves for slaughter, 1.1 kilograms. Under these circumstances, the society naturally prefers those categories of animals which require less fodder.

Vesely: As far as the future is concerned, we should be able to secure enough grain domestically for our meat production. We will import certain selected fodder, such as corn. However, this means that we must change the structure of meat production. We must orient our agriculture more toward beef production, which has been receiving state support through the regulation of purchase prices for some time. Cattle provides us not only with meat but also with milk, which is indispensable for our people.

So far, our peasants have paid more attention to the production of pork, among other reasons, also because the technology of cattle breeding has not yet been fully mastered in our country. An important role here is played by its dependence on fodder.

Vanicek: In this connection, the purchase prices of plant and animal products were changed as of 1 January 1982.

In fact, for the first time since 1967, when we introduced a system of economic rationale in agriculture, we have injected into our agricultural sector additional funds from the state budget in the approximate amount of Kcs 2.9 billion. Until now, prices of agricultural products were regulated through price changes within this sector. From all this, it is obvious that the state is interested in improving the current situation and increasing the effectiveness of production of major agricultural commodities, especially in animal production and there mainly the production of beef.

[Ouestion] In other words, we are more realistic in planning our agricultural production.

Vanicek: Yes. Simultaneously with the preparation of the new measures in the system of economic rationale we also introduced new principles of planning of agricultural production which will give to our agricultural enterprises more meaningful participation in decisionmaking relating to the trends of agricultural production.

[Ouestion] You are saying that the number of hogs has been increased and that the same applies to meat, milk and egg production. Will our agriculture be able to feed [illegible] people at the same level as in the past?

Vanicek: Per capita meat consumption in Czechoslovakia--approximately 85 kilograms annually--is one of the highest in the world. To maintain this level we need an additional 1.6 billion tons of grain this year. Of this amount we will import only about 0.5 billion tons. Precisely because of this we are reducing the number of livestock. This will mean a certain reduction in production and thus naturally a partial reduction in meat consumption. We still believe that this is a temporary arrangement.

[Ouestion] In the last analysis, are the costs needed to produce food, including meat, justified? We have in mind different results in agricultural enterprises under comparable conditions when we spend different amounts for the same volume of production or, conversely, when the same costs result in different volume of production. Or, to offer another concrete illustration, why must we spend different amounts to keep one and the same animal in different stables?

Vanicek: In the past, our investments were in certain cases oriented toward high-cost projects, especially in animal production. This naturally led to increased costs of production in these projects. Reserves in this area are primarily in reconstruction, modernization and the completion of projects which should in turn benefit labor productivity and culture of work.

Hejduk: There are also big differences in the consumption of fodder per kilogram of animal weight and increases in fertilizers per hectare of land. Our price offices compare the actual costs with planned costs. The results clearly show that that overall we use more fertilizers than originally planned and that we do not apply scientific methods to fertilizing. If applied correctly, we should use much less fertilizer, in a more economic way and with better effect. Similarly, there are great differences in the consumption of fodder. This shows that we could secure far better animal production while using the same amount of fodder.

[HOSPODARSKE NOVINY] The cost of agricultural production is growing especially because of the increased prices of inputs. In our opinion, we should not consider as negligible the influence of serious losses in the entire chain, starting with agricultural primary production via processing and the sphere of circulation to final consumption. This is shown by a check of organs of the people's control whose results we published in HOSPODARSKE NOVINY No 1 1982. For example, the total production of 963,000 tons of meat (in 1980) in slaughterhouses was accompanied by an annual loss of over 70,000 tons in terms of meat on the hoof. All additional costs are then paid for by the society, in other words by us as both producers and consumers.

Orientation--Purchase of Food

[Question] Here it is necessary to take a stand on the question of whether the present daily consumption of food is necessary for the diet of people living and working under our native conditions.

Barta: The recommended daily intake of food is approximately 11,200 kilojoules. This amount is affected by the conversion of losses and by the categories of workers in question. If we look at our own development; we can state that we met the optimal level of our caloric intake sometime in 1956-1957.

In the next years our consumption continued to go up until we achieved almost 13,000 kilojoules which occurred sometime in 1960-1961. Our consumption breakdown then was drastically different. The then dynamic development in the consumption of flour, flour products, sugar and other relatively

calorically rich foods leveled off and even started to go down. A substantial increase in the dynamics of consumption was registered in protein-rich or vitamin-rich foods. In the first place, we concentrated on meat and meat products.

Hejduk: In the consumption of meat, we occupy on of the top places in the world. While we consumed 85.6 kilograms in 1979, the figures were 70 kilograms for Italy, 79 kilograms for the Netherlands, 90 kilograms for West Germany, 76 kilograms for Britain, 80 kilograms for Denmark, and 87 kilograms for Austria. This was also obviously a result of the fact that our prices in past years ceased to be related to demand and failed to influence it.

One cannot claim that it is advantageous that the price of high-quality meat should not be too different from that of low-quality meat. The same applies to meat products. For this reason, our demand is oriented toward those products.

While in 1953--when we basically established our system of retail prices--our average monthly wage was Kcs 1,097, the figure for 1981 was Kcs 2,690. However, prices in this period remained basically at the same level at which they had been fixed in 1953. During this entire period food prices were not basically changed. As far as meat is concerned, we introduced insignificant qualitative changes in price relations in 1966, but they were not too important.

Another reason for higher demand for meat is that the preparation of food from meat does not require too much time. When we add to this the relatively low price of meat, we get an explanation for our high demand for meat. Our agricultural production is unable to meet this demand with the amount of fodder it has at its disposal. In the past, we were able to maintain this high consumption by importing grain. In the last five-year plan this import amounted to 1.5 million tons annually. For all practical purposes, a quarter of the meat and meat products we consumed was produced from imported fodder.

Lamser: Our diet today is at a level of 12,500 kilojoules daily. In other words, 1,300 kilojoules more than we really need. This is a burden on our economy which on the one hand, adversely affects the health of our people and, on the other hand, results in higher costs when our society must waste money on these superfluous kilojoules.

Vesely: We often buy meat regardless of need. We buy it for stocking. Such meat usually remains for a long time in our refrigerators where it deteriorates.

One cannot imagine that meat would be sold in kilograms in advanced capitalist countries. In these countries, meat is purchased with a great deal of common sense in smaller cuts nicely wrapped. We too should adopt a system of selling meat in cuts which are packaged well and esthetically. This would lead to the elimination of other problems, i.e., cheating.

[Question] The structure of retail prices leads the consumer to spending his money on food. Prices of industrial products are relatively high but food prices are relatively low. Thus, the decision by the consumer on what to buy is predetermined.

Hejduk: This is a result of our policy of low-priced foods which was established at the time of the introduction of monetary reform back in 1953. We fixed all food prices at a relatively low level at that time. Some of these prices were the same as in the prewar period. Our premise was our belief that policy on retail prices had a singular sociopolitical character and that we had to carry out a class policy beneficial for our working people. Thus, changes in food prices were very exceptional in the past. These principles, in a modified form, still apply today.

Lamser: In 1953, a kilogram of rib roast was Kcs 18.40; in 1981 it was Kcs 17. In 1953 boneless rump steak was Kcs 25,00, pork butt was Kcs 26.20, and frankfurters, Kcs 28; in 1981, they were Kcs 29, 20, and 25, respectively.

I prepared a budget for 1976. For example, households with a minimum income per capita (up to Kcs 9,600 annually) and households with the highest income (over Kcs 24,000) consumed pork for which they basically paid the same price. Those with a minimum wage spent Kcs 28.50 per kilogram and those with the highest income, Kcs 28.80 per kilogram. Consequently, households with the highest income increase their standard of living not by consuming better quality food but by increasing their amounts.

Barta: It is very important to have minimal differences in our basic intake of proteins as far as meat consumption is concerned. We should differentiate much more in other areas of our consumption.

[Question] How high is the state food price support?

Hejduk: If we put all the food together, then Kcs 100.00 in retail sales require approximately Kcs 25.00 in state subsidies. These subsidies are as follows: Kcs 18.00 per kilogram of a quarter of beef, Kcs 2.50 per kilogram of lean pork, Kcs 18.30 per kilogram of goose, Kcs 13.00 per kilogram of veal, Kcs 12.00 per kilogram of turkey, Kcs 4.40 per kilogram of duck, and Kcs 5.90 per kilogram of chicken.

To a certain extent, the policy of relatively low food prices increased food consumption above a rational limit. We tried to bring the supply of meat and meat products in line with the increased demand. The consumer prefers food over purchase of industrial products.

Solution--How To Send a Customer in a New Direction

[Question] What should we do to reorient the outdated structure of food consumption?

Lamser: The possibilities of our domestic agricultural production are limited. Thus, it is necessary to pay attention to consumption. I believe that in this respect we should in the foreseeable future adopt two measures: Short-range measures--for example, a suitable price policy which can to a certain extent imrpove the existing imbalance in our market even if it cannot solve the problem altogether. However, such short-range measures ought to be based on long-range measures.

What measures do I have in mind? In the first place, those that would stimulate value-added growth. In other words, to stabilize the physical volume of consumed foodstuffs and to increase average food prices. All this means that we should see to it that the consumer gets top quality products for which he will be willing to pay more. In sum, the introduction of certain measures in the food industry in the processing of basic agricultural products in order that this industry may offer products with new consumption characteristics.

Vesely: Value-added growth is a term which could create an impression among our citizens that we are looking for all possible ways of solving the problem of shortages at the market by price increases while we seek to maintain present volume and quality. But, on the contrary, it is our goal to see that producers offer high-quality products with a high degree of usefulness. If our market were to have products of such a type, we would be willing to ask for higher prices. Let us permit the producer to earn more, let him realize a higher-than-average surplus. This to us is value-added growth in production.

Barta: The solution of problems in the domestic market cannot be viewed as a one-shot operation. It must be seen as a process to which individual instruments of our trade policy contribute.

The effects of the instruments of our economic policy must always be viewed from both the short and long range. Price is an instrument which naturally carries with it long-range consequences. It must help in creating economic conditions for rational production and rational consumption. Of course, these long-range aspects will become more evident only if other necessary conditions exist. This means that production on its own cannot be changed overnight to supply the market with packaged meat. To achieve that, the producer must have the necessary means which must be changed into concrete equipment able to produce packaged meat. All this requires investments.

We thus deal with processes based on economic, organizational and material conditions. The existing constant pressure on the volume of meat de facto has prevented the creation of such conditions to a great extent. And I do not refer at all to the fact that the packaging of meat as now practiced does not prolong the freshiness of meat when kept at home.

[Question] Well, the solution of the problem is a long-range matter requiring technology which will permit us to improve quality and variety of selection in such a way as to place before the consumer the following choice: Either much food or less food but of first-class quality to be supplemented by other products. However, we cannot postpone the solution any longer.

Lamser: Nobody will overstuff himself by eating rolls. The difference in consumption between the lowest and highest income group is insignificant. For example, the consumption of bread in the highest income group is 17 percent higher, the consumption of milk 10 percent higher, but the consumption of meat is 89 percent higher, of pork, 26 percent higher, and of meat products, 82 percent higher compared to the lowest income group.

Except for a few cases, the consumer does not have a chance to choose among top-quality food products for the purchase of which he would not regret spending more money.

A positive illustration of such a product is "Sunquick"--a concentrate made from citrus fruits. It is relatively expensive but it disappears from the counters very quickly. However, such produces are nothing more than a drop in the bucket.

The consumer is primarily interested in meat consumption because there are no other attractive food products appealing to him. The supply of fruit, vegetables, milk and dairy products is insufficient. Hence, these products cannot fully replace meat. The situation is also aggravated by the shortage of processed foods and ready-to-eat foods. The consumer prefers meat dishes because their preparation does not take too much time.

The Way Out--Nonmaterial Growth

[Question] Unlike the case of the consumption of industrial products and services, the consumption of food has physiological limits. Obviously, our interest will continue to concentrate on the consumption of industrial products. Thus the consumer will want to spend the bigger part of his income on the purchase of consumer goods. However, our market so far is unable to meet this demand.

Vesely: I will not talk about consumer goods deliveries where so far the supply has been relatively good and where we lack mainly fashionable, fancy, and better quality items. However, consumer appliances do not at all appear in such numbers as to meet the demand. For example, there are no do-it-yourself kits and we are behind in the construction of family homes. I do not want to mention dishwashers, but we can find a different product mix where--if we had them--we could change the interest of the consumer. If we had enough appliances consumers would demand them more than food.

[Question] A black-and-white TV set sold for Kcs 4,000 in 1981, the same price as approximately 100 kilograms of roast or approximately 200 kilograms of pork butt.... With such prices the decision on what to buy is predetermined....

[Vesely] Do we or don't we have expensive products? Staple foodstuffs, when we ignore items that do not help our health (liquor and cigarettes), are more subsidized than taxed. Thinking logically, the tax should be higher on industrial goods. In spite of that, however, I must state that the prices of electrical appliances, though seemingly high, correspond the the level of our actual production costs. A color TV set has a 20 percent sales tax on the wholesale price. The average sales tax on industrial goods is approximately 43 percent. We sell for more than in the rest of the world. But our production is also more costly.

What is the way out of all this? We know: increase labor productivity, technological development, mass production and the division of labor. All this should result in a substantial improvement of our effectiveness in production which, in turn, should lead to lower retail prices. Perhaps we will then be able to use the money we save on food to spend on these industrial goods.

[Question] The problem is not so much high prices but their comparison with the technical-economic utility of products. The consumer must get for his money the value which, in his opinion, corresponds to the amount he spends.

Lamser: The problem is value and its increase becomes a central question. The consumer is primarily interested in technical innovation. In other words, he would like to know what the new product will offer him and whether it corresponds to his needs. Thus, if the producer discovers the real need of the consumer, then the latter will be ready to pay without question even an unusually high price. He will understand that a top-quality product demands that. And if we fail to secure a sufficient supply of top-quality products, we will witness a tremendous tension in household budgets. Then the consumers will think twice about what to buy, will try to justify individual expenditures and will search for ways in which they will best utilize their income. They will then perhaps come to the conclusion that food is the very item on which they can save. I can eat for Kcs 3.00 if I buy a roll and cottage cheese or for Kcs 25.00 in a restaurant. Or, I can prepare my own meal from 25 decagrams of meat. Unless this happens, consumers will continue to concentrate irrationally on food.

The corresponding price structure will be able to maintain the market equilibrium only for a relatively short period. If the supply of consumer goods is not sufficiently attractive, the consumer will continue to prefer the purchase of food.

Industry--Innovation Is Lacking

[Question] Do the enterprises not make it easy for themselves by introducing price changes at the expense of real innovations?

Hejduk: You can have different answers to this question. Some people say that we do not stimulate improved products sufficiently. Naturally, there are also views holding that innovation can be observed more in prices than in products. We are doing our best to approach incentives or sanctions objectively. In the end, we do not do this at price offices alone. We also involve in this process state testing centers which issue attestations. Also, the ministries of development and technology certify the products as being technologically progressive. Only after the evaluation of products by these institutions do we introduce price incentives. Price sanctions against the producer are taken by us only after a decision by the Ministry of Development and Technology, this Federal Ministry for Technical and Investment Development, or state testing centers if the product is classified in the third-quality category or declared technically outdated.

[Question] The price of new products is determined on the basis of the parametric method. However, such a method of price determination includes a certain danger. For example, we manufactured small vaccum cleaners--one rod, another rod, and in the center a motor--for less than Kcs 500. Because the manufacturer was after a while in danger that his product would be reclassified in the third-quality category, he started to manufacture a new vacuum cleaners which prior to the price reduction cost almost twice as much as the first vaccum cleaner. The new vacuum cleaner contains a few technical improvements. However, from the point of view of the consumer these improvements are not too important because the value of the new machine is not too different.

Vesely: When fixing prices we compare the usefulness of the products, look at the costs and, on the basis of all this, we determine the price of the new product. Consumer goods are not sufficiently up-to-date. We are doing our best to encourage, through price manipulation, the improvement of new products. We are trying to take into consideration technical aspects and the improvement in the qualitative characteristics of the new products. In this way we hope to encourage the trade and production sectors to be interested in improving their products. I believe that we have seen some positive results in this respect in recent years. Naturally, we do not act one-sidedly, namely, using our pricing mechanism to support certain qualitative improvements in our products. We also see the other side of the coin: Improvement sometimes is insufficient, enterprises manufacture the same product for a number of years and the consumer is not sufficiently interested in it any more. In such cases, after a report from a testing center or if the product is technically outdated, it is reclassified into the third-quality category and we reduce the price the enterprise can charge.

Recently, the fact that part of the income for technically progressive products has been earmarked to the fund for enterprise and personal incentive, the fund for cultural and social needs, etc., has significantly contributed to the improvement of the situation.

Hejduk: The price offices, the producer and customer and, in this respect, the entire trade sector as well, contribute to the final determination of the price. They also judge whether a higher price corresponds to the difference in value of two products and whether the product will be saleable at a proposed price. The trade sector naturally does not accept any proposal made by the producer. Each year the price offices reduce prices proposed by producers in the overall amount of several million Kcs.

Barta: When determining the price, we must also evaluate the trend of the product's utility and its relation to the development of the abilities of our citizen. We must give him products which propel him toward positive and creative activity.

It is necessary to admit that we do not know all human needs in their smallest details. Thus, to a certain extent we also use a trial-and-error system in our market. Even if we can anticipate many things, we are not always able to determine the reaction of the consumer to a product's utility and its price. It is estimated that in foreign markets over 80 percent of new products fail. Thus, we can also find out whether certain new products will be rejected by the consumer.

[Question] In the long run, not even an adequate price can guarantee market equilibrium without additional measures.

Hejduk: Each price regulation has a time limit on its effectiveness. Consumers get used to the new prices, they adjust themselves and consumption returns to its original level. This is so because the producers do not react sufficiently to price changes. Price policy must be carried out in conjunction with other measures or these measures must immediately follow price changes. Otherwise every price change will have a limited and short-term effectiveness.

We know of cases of price changes made in isolation. These price changes have become ineffective. A shortage of spare parts is a long-range problem. It was thought that a price increase would lead to more spare parts on the market. We therefore increased prices in order not to be stuck with the problem even when we knew well that such a step would be ineffective. And we were right.

Many people believe that a price increase for certain products will result in their sufficient supply on the market. Consequently, in agreement with the price offices of the two republics we reclassified a number of products into a category in which the final price is mutually agreed upon between the producer and retailer. In spite of that, these products are still manufactured in insufficient numbers because the producer failed to create the necessary conditions. The fixing of prices can thus encourage increased production but must be accompanied by other necessary steps. Thus the fixing of prices is neither a miraculous medicine nor an end in itself.

Barta: Our neighbors in the GDR secure market equilibrium with the help of selection concepts. They started to work with these concepts a few years after we did. One can even say that they were inspired by our experience. However, they were able to make these concepts more binding. If they are not fulfilled, our neighbors not only state so but the entire problem is discussed at the ministerial level or even directly in the government.

As far as quality goods are concerned, the GDR adopted a policy of developing stores equipped with luxury goods, so called boutiques or delicatessens. This is a form which well suits the organization of GDR domestic trade, which is somewhat different from the situation in our country. We cannot say dogmatically that we should follow their example step by step. However, a decision to let certain units manufacture high-quality goods is certainly an interesting idea. We have some producer cooperatives which manufacture or could manufacture quality products. There are also other ways. Some of our enterprises manufacture top-quality products. The latter, however, appear on the domestic market only when they are not all exported. In such cases, it is necessary to investigate whether it is politically and economically useful to earmark such products for export only.

Vesely: It will be a good idea if we clarify what we can solve through the fixing of prices. Through this process we can anticipate and plan long-range and short-range measures, create a particular situation. Obviously, we can use prices for taking certain measures and then we must follow up on their consequences.

Naturally, we are not abdicating our tasks and responsibility. If we come, as a result of analyzes in a year or two, to the conclusion that this or that price measure was ineffective, we must have the courage to discard it. Certainly we do not want to give money to those who do not deserve it.

[Editors] It is necessary to give the consumer a choice between a "full belly" or eating only as much as his body needs, but high-quality food and in great variety. Overeating is being encouraged by insufficient supply of industrial products which would be able to divert the consumer from his excessive consumption of food.

The consumer, when he comes to the market with his income, wastes a substantial part of it in one direction: on food, and primarily on meat. The reason is that he finds the market relatively poor in consumer goods. The food industry does not offer high-quality raw materials in the form of desired products and prepared products. The enterprises manufacturing consumer goods do not care at all or, if they care, then only a little about the demand of consumers for novelties and luxury goods. In addition, some goods, especially of the electrical-engineering industry, are totally lacking in the market or are available on the market to a very small extent. Nor do service enterprises satisfy the needs of our citizens. Comrade Gustav Husak, speaking at the 16th CPCZ Congress, showed the way out of this dilemma: "Production and trade are both responsible for the production and sale of goods in the required variety, quality and price which are in harmony with the demand of consumers. In this respect, the responsible ministries, producer and consumer cooperatives and local economy enterprises must adopt the basic measures." Thus it is high time that the food industry enterprises and enterprises manufacturing consumer goods under the jurisdiction of the ministries of industry and the federal ministries of general engineering and electrical-engineering industry as well as service enterprises and travel offices undertake these tasks as their own and start to carry them out.

1277
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TRUCK COMBINE STEPS UP SERVICE, TRAINING OPERATIONS IN LDC'S

East Berlin DIE WIRTSCHAFT in German Vol 37 No 1, 14 Jan 82 p 3

['Economy Accents' feature article by Lothar Heinzmann, general director, VEB IFA Combine for Utility Trucks, Ludwigsfelde: "Export for the Benefit of the National Economy"]

> [Text] The five-year plan tasks us with boosting by 1985 sales of NKW W50's to 144 percent over the 1981 state quota, quadrupling the export of NKW IFA Robur's and increasing the output of Multicar M 25 two and a half times.

These export requirements place a high political responsibility on us. Meeting it amounts to an important contribution by our combine to the continuation of the main task in its unity of economic and social policy even under the more complicated conditions of the 1980's.

The further exacerbation of the international situation has led to tough confrontation in the foreign economy field. The U.S. high-interest policy has had repercussions for international trade and also has placed burdens on our republic we must meet effectively by a broad export offensive.

We have to consider that world economic crisis manifestations on capitalist markets also create new competition conditions to which we have to react still more flexibly.

In recent years we have created important preconditions for it from which we can now benefit. Last year alone we succeeded, e.g., in boosting exports from our Ludwigsfelde parent enterprise to the nonsocialist economic sector by 189 percent over 1980 and bringing in more foreign exchange for our products. It pays off for us to supply our buyers with lucrative and high-grade products at the proper market values, do intensive market research, keep developing our customers service, and ensure a stable spare parts supply. All 18 enterprises in our combines have a share in that.

For further boosting the export capacity we need, it is imperative for the managers, starting with the general director, and all working people in the combine to devote themselves to these tasks and carry on an everyday effort to solve them through high achievements in socialist emulation.

Every year, 40,000 trucks in the 2 to 5 ton utility range come off the line. And then there is the production of spare parts and a considerable number of motor vehicle accessories.

For our various buyers, our designers and mechanics have developed, e.g. for IFA W 50, 53 basic models with more than 200 country-specific modifications. So our combine can meet almost any customer preference--in conformity with the international trend toward economic and reliable special purpose vehicles.

Already IFA W 50 has stood up well even under complicated climatic conditions in 30 countries in the world.

New design features and technologies in recent years have improved their technical level, working life and operations, their operational range and capacity. A greater sense for quality and high technical skill by our working people as well as modern production, assembly and testing procedures have helped ensure and constantly further improve the quality of our products.

These are basic conditions for prevailing on the world market. Each utility truck we make must truly bear the quality seal attesting to the socialist output of our republic.

The production and export of our products greatly depend on market requirements.

We concentrate our attention on rapidly perceiving customer preferences, working them into the development conceptions for our vehicles and putting those data into production expeditiously. For certain customer preferences we can guarantee a 6-month production schedule, from development to series production. Such a fast reaction to market requirements is imperative for meeting our high export tasks, even though the production and fulfillment of plans lead to some problems. Nine times the production plan had to be modified in our Ludwigsfelde parent enterprise last year. Utility truck NKW W50 had to get a metal plank, e.g., instead of a wooden one, special accessories had to be included in the production program, and the proportion of all-wheel drive vehicles had to be raised.

IFA Robur was, as desired, equipped with fuel-saving Diesel engines. For Multicar M 25 a new export model was produced with a larger plank and wheel base.

It makes sense that modifications on such a short notice are possible only if they are made to make sense to the working people through persuasive political-ideological work, who will then respond to it with high dedication.

Such production plan modifications have still more far-reaching implications to our cooperation with some 500 ancillary suppliers in our republic. The success of our work much also depends on how the enterprises themselves adjust to the increased export requirements and make their production conform to our foreign economy, whereby to support our export offensive reliably. Especially reliable partners we have found in the Riesa steel and rolling mill of the tube combine, the Brandenburg steel and rolling mill of the VEB Fortschritt textile and leather processing of Magdeburg, and the Lausitz cable plant of Niederoderwitz. Though the cooperation with our supplies is generally good, there still are differences in levels because not all of them have yet joint in the strong commitment that is needed.

An important prerequisite for our meeting our foreign economy tasks with success has been and is for the management of the entire combine to focus on the priorities of ensuring our exports, particularly to the nonsocialist economic sector.

Based on party leadership resolutions on our export, concrete measures were taken in the last 2 years to establish the preconditions in terms of personnel and material for selling utility trucks, which led to a considerable intensification of all our market research. These measures are being constantly reviewed. The management forms and methods developed for it are increasingly being improved.

Close and constructive cooperation with Transport Equipment, the foreign trade enterprise that handles our combine, has had a crucial share in the results achieved thus far. Based on regular conferences between the general director of that foreign trade enterprise and myself, all industrial and foreign trade measures needed to ensure our export tasks are jointly laid down and enforced with regard to customer preferences. The technical directors and export departments are working well together. It has been found useful to work in accordance with a joint market conception and assign special market research task forces and personnel geared to the various countries. Another measure to raise combine responsibility to foreign economy tasks came through setting up a foreign trade enterprise for IFA in utility trucks and trailers for export-import.

The resolute implementation of the accords made between the general director of the transport equipment foreign trade enterprise and myself will help improve further the effectiveness of all our foreign economy activity.

Through purposefully working together with the foreign trade enterprise we achieved a good contract lead by the start of the year. We have already a contractual commitment to 49 percent of our export task for the nonsocialist economic sector. For our main export line, NKW W50, this commitment comes to 65.1 percent. That is, not last, also a result of our customer service. We now have an efficient customer service, staffed by longtime, experienced specialists. Especially the success of IFA W50 on non-European markets brought it about that we could set up a ramified network of IFA customer service workshops and that our 400 customer service specialists are now at work in many countries. In cooperating with young national states, we expanded our customer service to take in the training and direction of national personnel. Through thorough political, technical and foreign language training, our customer service personnel get the necessary qualifications for coping with the demanding tasks abroad through solid technical skills and political responsibility.

In order to train also young people systematically and in line with their qualifications for this trade, we started a direct training of customer service mechanics in 1980. They will mainly work in youth brigades; many of them already do so, in Angola, for instance.

In all countries that have IFA vehicles there usually are several central workshops, which we set up and equip. Right now there are 10 central workshops and 15 provincial workshops in the countries of the nonsocialist economic sector alone.

In many countries, e.g. in Angola and Mozambique, training centers with the most up-to-date equipment are attached to the central workshops, to train the national IFA personnel. In 1981, more than 700 foreign personnel in the countries that have IFA vehicles got training as mechanics or truck drivers.

Furthermore, we also have intensified the training of foreign citizens in the GDR. In a course that lasted several weeks, e.g., Angolan workshop directors learned all about the process of organizing the maintenance and the spare part management.

To make our customer service and training still more effective, our combine last year developed a mobile all-wheel driven training and service center. The idea of this mobile complex using IFA W50 trucks is based on our desire to ensure high-level theoretical and practical training, irrespective of territorial conditions, and carry out certain repairs and services.

We are also strengthening our advisories for users and buyers on the economic uses and advantages of the whole range of our products. Documentation is already available in more than 20 languages.

New customer service tasks arise also from the international trend of exporting vehicles unassembled; our combine too is going to take account of that in the future.

Our combine management pays tribute to special achievements of our customer service personnel by, among other things, awarding the title, created in the combine, of major instructor or chief instructor in customer service.

In 1981, we boosted the export of spare parts to the nonsocialist economic sector by 69 percent, compared with 1980.

This development, which will continue in 1982, ensures the proper use of our vehicles. However, we do not ignore the fact that in spite of this positive development there still are problems with our assortments; targeted measures in the combine will surmount them.

Ancillary industry must tackle this task to the same measure. To ensure, long range, our export interests in spare parts, spare part advisors are operating on foreign markets.

The country task forces of the main customer service departments in our parent enterprise are working on requirements for permanent spare part agents in the various market areas. In the countries of major concern we are setting up centralized spare part supplies, equip them with the proper service and storage techniques, and also supply them with the requisite organizational documents. To reduce spare part consumption, customer service personnel prepared maintenance and repair techniques.

Relying on the capacity of all the collectives in our combine, we shall, under party organization leadership, do all we can in 1982 to meet the export tasks assigned to us.

5885
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DANGER OF AGROCHEMICALS TO GROUND WATER PURITY DISCUSSED

East Berlin BAUERN-ECHO in German 21 Jan 82 p 7

[Article by Prof Dr Horst Beitz, Institute for Crop Protection Research, Kleinmachnow: "Keeping the 'Cool Water' Clean and Healthy--What Must Be Taken Into Consideration in the Use of Crop Protection Products in Protected Drinking Water Zones"]

[Text] The continual increase in GDR industrial and agricultural production is closely linked with the use of chemical in all branches of the national economy; that is, in the entire economy the most diverse chemicals were increasingly used to modify utility value characteristics, increase production, reduce manual labor and for other objectives. There was likewise a constant increase in the number and scope of household chemicals such as detergents and cleaning additives, among others. So the result of the use of the most diverse sorts of chemicals was an influence on the quality of available water resources. Surface waters, that is, rivers and lakes are affected to a much greater degree than underground water.

In order to guarantee a stable supply of good-quality drinking water to the population, the water resources available in the GDR must be protected. That is especially true for underground water, since it has to safeguard about 70 percent of the GDR drinking water consumption.

The GDR is the country with the most strained water balance in Europe, as can be seen in the table below. Therefore, particular attention to ground water protection corresponds to the all-round interests of our socialist society, also in relation to the further intensification of our agriculture and the associated use of agrochemicals.

Average Annaul Water Supply and Demand

Country	Annual supply in cubic meters/inhabitant	Demand in percent
GDR	880	36
CSSR	2230	15
Poland	1900	10
USSR	1500	2
FRG	1750	15

The procurement of drinking water from ground water or surface water (dams, lakes and flowing waters) requires that these waters be sufficiently pure so that the normal treatment procedures in the GDR can guarantee a drinking water quality corresponding to the standard.

Physical, chemical and biological processes generally enrich ground and surface waters with relatively small quantitites of inorganic and organic components in varying proportions. The addition of industrial, household or agrochemicals can decidedly influence this quality, especially when substances harmful to water are involved. These are chemical substances that

--are poisonous to warm-blooded animals or water organisms, or that
--disturb the self-cleaning process or are not accessible to it, or that
--impair water usage.

In order to illustrate the dangers it should be mentioned that 1 liter of oil can pollute up to 1 million liters of water and make it unfit for human consumption. For this reason restrictions exist for animal and plant production as well, when the agricultural producer cooperatives and their agricultural acreages are located in protected drinking water zones. In addition to the use of liquid manure, in plant production that is especially true for the use of agrochemicals.

On the one hand nearly the whole gamut of crop protection substances and substances for control of biological processes authorized for use in the GDR represents substances harmful to water according to the law, but on the other hand the use of these substances is an important prerequisite in guaranteeing high stable yields of plant production.

Apart from protected drinking water zone one, where no use of crop protection products or products for control of biological processes is allowed, and where only about .02 percent of the total GDR acreage and less than .4 percent of the pasture land is located, protected drinking water zones two and three are much more important. Protected drinking water zone two has about .5 percent of the acreage and about 1.8 percent of the GDR pasture land. For this protected zone there are significant restrictions in the use of crop protection products and substances for control of biological processes, which are to be discussed in this article. In contrast, all state-allowed compounds may be used in protected drinking water zone three.

In order to meet the statutory requirements for the use of crop protection products and products for the control of biological processes, plant production enterprises must consider which species are found in the protected drinking water zones. This should occur with the departments for agriculture, transportation, energy, environmental protection and water resources at the competent district or city council, and should be noted in the field charts. The appropriate species file should likewise be labeled with the reference "protected drinking water zone one, two or three."

One must recommend that the species be organized so that they belong to only one protected drinking water zone, as has occurred in the number of agricultural producer cooperatives. These documents should be coordinated with the appropriate

agrochemical center. Most important is to avoid damage in these regions from the use of crop protection products.

Once it has occurred, ground water pollution is in any case a problem that must be taken seriously, since the purification capacity of the ground water strata is relatively slight, so that there is a possibility of extensive underground spreading. As a rule in such cases the appropriate sanitation agency must close the entire ground water supply to further use, which usually causes enormous drinking water supply problems. Therefore, in order to exclude any strain on the ground, in protected drinking water zone two

--no temporary advanced airfields can be constructed
--no mobile mixing and loading stations can be operated
--no crop protection machines can be filled
--no crop protection machines can be washed
--no crop protection product waste water can be eliminated, even following preliminary ground liming.

In addition, it should be noted that in protected drinking water zone three

--cultures requiring intensive crop protection, such as tobacco, seed potatoes and cabbage, for example, should not be grown, or, as in the case of pomes, should not continue to be set out, in order to assure that all pests can be combated with the most effective compounds applied in an optimum manner, and
--following the use of crop protection products and substances for the control of biological processes for a period of at least 3 days no irrigation measures should be carried out, in order to avoid washing off substances that have not yet been absorbed by the plants and thus putting an additional burden on the soil, or to prevent herbicides already applied from being washed deeper into the soil.

It is possible, under consideration of the above-mentioned conditions, to introduce into protected drinking water zone two those crop protection products and substances for the control of biological processes that meet the hygienic and toxicological requirements. Initially that requires that drinking water values must be established. That occurs through the appropriate "commission for establishing maximum allowed residue for crop protection products and substances for the control of biological processes in foodstuffs" in the Health Ministry, since hygienic foodstuffs criteria must be applied in evaluating drinking water. Drinking water is to be evaluated as a staple foodstuff, for its average intake factor is 2.0 to 2.5 liters per day, and thus is considerably above that of individual foodstuffs.

In accordance with their mineralogical composition and geological origin, all soils can create and store ground water. The reserves of ground water that are used up are replenished through the creation of additional ground water by means of the seepage of precipitation or surface water. As a rough estimate one can suppose that in the case of clay and loam soils about 5 to 20 percent and in the case of sandy and gravelly soils about 30 to 70 percent of the annual precipitation seeps into the soil.

The most important criterion for adequate ground water protection is the presence of a layer above the aquifer which is impervious or nearly impervious to water.

Ideally that is clay or loam, whereby the humus in the soil, and especially in the layer of native soil is of paramount importance.

Thus the native soil layer can play a decisive role in keeping the ground water pure, since the purification effects are most notable only in the upper soil layers. From this it is clear that all ground waters under a covering of sand (for example all primeval river valleys and mainly the northern part of the GDR belonging to the porous rock region) are more easily polluted than ground water under black or brown soils.

The result, therefore, is that a number of crop protection products and substances for the control of biological processes cannot be used over sandy soils, in order to guarantee the protection of ground water.

All of these viewpoints were considered in determining which crop protection products and substances for the control of biological processes can be used in protected drinking water zone two. In this regard it was also presupposed that their use can always be controlled. The basis for this assumption is the plant protection regulation of 10 August 1978, which in Article 16, paragraph 4 requires documentation for the use of crop protection products and substances for the control of biological processes. That means that plant production enterprises must present this evidence in the case of controls by the facilities of the public health agency, plant protection agencies or other state control agencies.

In closing it must be pointed out that those compounds authorized for use in protected drinking water zone two are to be published in the January 1982 issue of "Nachrichtenblatt fuer den Pflanzenschutz in der DDR" [Bulletin for Crop Protection in the GDR].

9746
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BANK OFFICIAL COMMENTS ON REVALORIZATION OF SAVINGS ASSETS

Warsaw TRYBUNA LUDU in Polish 1 Feb 82 pp 1, 3

[Interview with Zdzislaw Pakula, vice president of the Polish National Bank by staff reporter Tomasz Jezioranski: "Deposits Revalorized by 20 Percent--The Thrifty Will Lose The Least": date and place not given]

[Text] Only Three Exceptions--Bonds since September--New Credit Basis for Newlyweds--Any Sum at Any Time

[Question] At the beginning of December when you were interviewed, at the occasion of an increase in the interest rate on savings deposits by the Polish National Bank (NBP), you stated that the bank, taking into account increased living costs in 1982, is considering a revalorization of savings deposits. The increase in living costs is already a fact....

[Answer] The government, at the suggestion of NBP, has decided on a nonrecurring revalorization by 20 percent of people's savings deposits on record as of 31 January 1982. This transaction is dictated not only, or rather not so much, by the increase in living costs as by an increase in prices--a lowering in the value of money. The NBP, as well as any other bank in the world, is not an institution called into existence for the purpose of equalization of cost-of-living increases and it does not have a mission of insuring social security. The role of the bank is to insure the security of savings deposits. The interest rate is a fixed instrument of [fiscal] security; on the other hand, a revalorization, in connection with an (also) nonrecurring sizable lowering of the value of the zloty is an incidental instrument.

[Question] Does the revalorization pertain to people or to savings passbooks?

[Answer] The bank, as a fiscal institution, is interested in the deposits, not in the depositors. Therefore, revalorization will be performed on passbooks, bonds and savings-checking accounts.

[Question] It will be performed on all of them?

[Answer] All, with but three exceptions. There will be no revalorization of deposits on apartment and house passbooks [mortgage payments], which are included in a bonus guarantee; on farmers' deposits held in a special account in

cooperative banks, where the funds are accumulated on the basis of farm products deliveries, which in turn are included in a value guarantee; this includes deposits on accounts of physical persons [not enterprises] engaged in farming as well as on deposits held in current accounts of political, trade union and social organizations. All remaining deposits, regardless of the conditions on interest rate crediting, will be revalorized.

[Question] What dictated these exemptions?

[Answer] Since 1965, mortgage payment passbooks are protected by a guarantee, which means that the bank will automatically revalorize the accumulated funds every time the official construction prices, per square meter of usable floor space, are increased in housing construction. This means a full revalorization, based on 44 square meters of usable floor space; of course, it is still subject to the normal interest rates, similar to deposits, independently of bonuses for systematic savings.

Since November 1981, a binding government decision dictates that the monies of farmers accrued from sales of farm products to the state, paid to special bank accounts, are automatically revalorized with every raise of prices in farm products purchases by a degree equal to the degree of raise in those prices. Therefore, any change of official housing prices, per square meter of usable floor space, or any raise of farm product purchase prices-- (i.e., the money that the state pays the farmer for his goods--will result in an automatic revalorization of the respective deposits. The third exception does not pertain to savings but rather to current accounts; i.e., working capital used for daily activities. On the other hand, a revalorization is a form of compensation due to a lowering in the value of money intended for those who save.

In total the revalorization will include about 85 percent of all the accounts of the populace (for a grand total of 550 billion zlotys); payments on its account will amount to 110 to 120 billion zlotys.

[Question] What was the deciding factor in accepting 20 percent as the rate of revalorization?

[Answer] This was done because, as stated, the purpose of the operation was to protect savings deposits. The adopted rate constitutes an average of the amount of the wages fund, social services and compensations on one side and the official price changes on the other.

[Question] When will the banks revalorize the deposits?

[Answer] We will begin in September 1982 and conclude in December 1983.

[Question] Why will you begin so late and continue so long?

[Answer] We have adopted the principle of revalorization payments not in ready cash but in revalorization deposit bonds, in nominal values of 100, 500, 1,000, 5,000 and 10,000 zlotys. A thorough preparation of this task will take time and the period of realization--for the convenience of the customers--must be correspondingly long. It will be better if during the last 3 months or so

no one will come forward for a bond payment than if someone should be caught short by only 1 day.

[Question] Why is it that the form of the revalorization money will be in bonds and not in cash or a credit to the savings account?

[Answer] We wish--while preserving the value of savings--to avoid spiraling the inflation and magnifying the extent of market imbalance. Thus, the adopted form of revalorization payment is also a form of freezing the revalorization sum for the protection of the market. This form of protection is a milder form compared to a total freezing of all deposits--a method stubbornly advocated by some economists. However, we have adopted the position that the principle of trust in the banks does not permit us to freeze the very savings entrusted to us for safeguarding; on the other hand, the temporary freezing of only the [revalorization] bonuses is definitely in the public interest. This pertains only to those bonuses paid to the depositors in the form of interest-bearing securities.

[Question] How long will this freeze be applied?

[Answer] It will apply for 3 years: Beginning on 1 February 1985, the banks will commence purchases of revalorization bonds paying out their face value plus accumulated interest. These bonds, like all savings deposits, will be interest-bearing, rather high at that, at a rate of 15 percent per year.

To illustrate this briefly, if between 1 September 1982 and 31 December 1983, a customer will come to the bank with his savings passbook on which he had on account 50,000 zlotys on 31 January 1982, he will receive a revalorization bond with a face value of 10,000 zlotys. After 1 February 1985, in exchange for this bond he will be paid, by the bank, the 10,000 zlotys plus 5,209 zlotys interest (figured at a compound rate) or a total of 15,209 zlotys. Any monies on the passbook during those 3 years would be independently subject to standard interest rates and this capital would be at the free disposal of the depositor. The base sum for revalorization purposes will not be subject to freeze.

[Question] Then those 50,000 zlotys will almost double during the 3 years and in the end this money will reach the market anyway....

[Answer] Agreed, but it appears, from all government action programs, that in 3 years the market situation will be normal, the market mechanisms that govern the economy will be firmed [illegible]uch that the market will be able to withstand this (probably) increased flow [illegible]v. I say "probably" because personally I have doubts that this phenomenon will take place. Market stabilization will not be a day-to-day occurrence but shall become a continuous process. In step with this progress, human reactions will become progressively less violent, there will be less panic on the market caused by the appearance of goods, purchases will become gradually more dictated by need and common sense and not by--what we otherwise experience today--nervousness.

[Question] In your opinion, when will we experience this market normalization, so desired by all of us?

[Answer] This should start in February; i.e., at the same time the new food prices come into effect and simultaneous with the new influx of manufactured [consumer] goods to retail outlets. Those goods will bear new retail prices adjusted in accordance with the new guidelines. On the basis of this assumption--economically based and sound--the president of NBP and the minister of finance made a joint decision to suspend, as of 1 February 1982--i.e., today--all limitations pertaining to domestic [zloty] transactions in savings accounts; those limitations were originally imposed on 13 December 1981. I do not exclude the possibility that withdrawal of these limitations, together with the new interest rates on savings that we adopted at the beginning of this year, will be the cause not of payments but quite the opposite--an increase in savings deposits.

[Question] Why is there such a paradox?

[Answer] This only looks like a paradox. The limitations imposed under the conditions of martial law, pertaining to utilization of savings, or more precisely, to savings withdrawals, were a great inconvenience and burden to the populace. Many persons held on to cash instead of making savings deposits, just in case.... Psychologically speaking, this was a perfectly normal reaction. However, now that there are no limitations on withdrawals, when everybody will be able to withdraw any sum from their savings, at any time--the motive for voluntary sacrifice of savings interest will no longer be there and things will be more normal.

[Question] A few days ago a press agency release appeared in the media pertaining to a government resolution that established new credit conditions for newlyweds. The press release was very laconic, however; there are still many questions on this subject especially from the interested parties, in particular from persons who received such credit last year and had no opportunity to use it.

[Answer] For these persons the amount of unused credit, prior to 31 January 1982, will be doubled, upon the request of interested parties, of course. The entire credit--i.e., the amount already used and the doubled, unused amount--will be subject to repayment under the same conditions in force until the end of January of this year. Thus, the interest rate will be 3 percent annually and the place of employment may pay for the employee--the debtor--up to 40 percent of the credited amount. February and March of this year have been earmarked to settle all this old business.

In April we will begin to conclude credit agreements with newlyweds based on the new rules. Those changes pertain to lowering the credit eligibility age limit on the older member of the married couple from 40 to 35 years of age (the age of the second member remains unchanged at 30 years); increasing the amount of credit to 150,000 zlotys; increasing the interest rate to 6 percent; suspending the repayment for 75 percent of the credit including the interest (not to exceed 75,000 zlotys) beginning from the date the repayment starts; i.e. the realization of the entire credit or the length of the term of its realization. The suspended portion will be repaid, on a one-time basis, by the debtor's place of employment provided that the debtor works there for 5 years, beginning from

the time the payments are suspended, and also provided that the debtor repays the reminder of the credit during that time. Graduates of institutions of higher learning, who concluded the credit agreement during their studies--as an exception--must "work off" the loan suspension in a period of 2, instead of 5 years.

[Question] This seems rather complicated....

[Answer] Nonsense, it's very simple. Let's assume that on 2 April this year a newlywed couple receive a credit of 150,000 zlotys, which will be realized--assumed--by the end of the year. Beginning with first day of 1983, and for 5 years, to the end of 1987, they will continue to repay it. This being the case, starting with 1 January 1983, the repayment of the sum of 75,000 zlotys will be subject to an automatic suspension. The debtor(s) will continue to repay the reminder of 75,000 zlotys over a period of 5 years, with interest. When at the end of the 5-year period the debtor has not changed his place of employment, on 1 January 1988, his place of employment will mandatorily credit the bank with the suspended payment sum of 75,000 zlotys.

The new regulations were thought out so that, on one hand, theyassist new marriages in establishing a household by smoothing out the effects of the higher prices of durable household goods while, on the other hand, they stabilize the work force at the places of employment.

[Question] It looks like the social and the economic aims are made to coincide; nowdays this can be seldom achieved.

[Answer] I agree; however, if the entire socioeconomic system were to function on the basis of administrative-type decisions, as in the past, such harmony in unification of various aims is extremely difficult to achieve and it happens rarely. The application of economic instruments on the basis of socioeconomic analysis and not somebody's say-so or compulsion should allow better, more economic and more natural decisions. In the future this should always be the case.

[Question] Thank you for the interview.

9511
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GRAIN SUPPLY, PROCUREMENT PROBLEMS DISCUSSED

Decreased State Supplies

Warsaw RZECZPOSPOLITA in Polish 18 Jan 82 p 4

[Article by Ryszard Miazek]

[Text] Phenomena not experienced earlier have been occurring for several months on the domestic grain market. During the period of last year's very meager free market preharvest period, grain prices reached a level that was double the then obligatory procurement price, but they did not greatly exceed the prices negotiated with farmers which were to be obligatory from the harvests. In light of favorable predictions of large harvests, a very great supply of grain was expected. Hence the introduction of higher prices during the winter period as an incentive for farmers to hold onto their grain for a time. These expectations were completely frustrated.

After several weeks of relatively high grain procurement, harvested by combines, at the end of August the grain supply began to decline rapidly and almost totally stabilized during the next weeks. The supply of grain on the market was not large; thus, after the harvests, grain increased in price instead of decreasing.

By the end of the year, market prices in many regions of the country reached a level that was fourfold the price paid at socialized procurement points. This situation was, on the one hand, the result of growing inflationary phenomena. On the other hand, it reflected the mood of uncertainty prevalent in rural areas. The holding of grain on farms created the threat of the nonexecution of tasks in grain procurement and caused a tremendous gap to arise in the state grain balance. Small peasant farms, which traditionally have been supplied with feed grain on the free market, likewise found themselves in a difficult situation.

By 20 December 1981, a gross amount of 1.7 million tons of grain had been procured. During the same period for the previous year, during which there was a very poor yield, 1.9 million tons had been procured; in 1979, 2.6 million tons were procured; and during the good harvest year of 1978, 4.5 million tons were procured. Practically the total amount of the planned procurement up to now was implemented during the second half of the calendar year. Thus, the current year is likewise atypical from this point of view.

Given conditions of rapidly declining grain supplies in state warehouses, actions aimed at activating procurement have become indispensable. The first step is to step up deliveries of contracted grain, which should bring in another 1 million tons. However, this does not fully cover the domestic needs for the first half of 1982, since it will not be possible to implement all grain purchases from abroad planned for this period. In conjunction with this, additional amounts of grain for consumer needs, and partly for fodder as well, will have to be purchased on the domestic market.

Surpluses of marketable grain on farms are estimated at approximately 2 million tons. In the interest of the state, this must reach procurement points.

The final days of the old year and the first days of the new year did not foster the threshing and delivery of grain. Many roads were impassable, and haystacks toppled in the mud and snow.

It must be remembered, however, that grain reserves are rapidly diminishing. By 15 February, grain deliveries were to have been essentially completed. Otherwise, the difficult situation may result in decisions as stipulated by the martial law decree. We expect that farmers will take a position which averts the need for such action.

The prices paid today by the state for grain are considerably divergent from free market prices. However, this is not a consequence of a bad harvest, but of this year's particular conditions, including the withheld supply. The process underway toward stabilizing the life of society is creating conditions for the restoration of normal goods exchange and trade on the rural market. This also refers to the grain trade.

In order to encourage farmers to sell their surplus grain, the minister of agriculture and the food economy has announced an initiative of a one-time loan of grain from last year's harvests. On 6 January, this was the subject of deliberations by the Council of Ministers Economic Committee. The institution of this concept will enable the implementation of a remittance for grain supplied within the framework of this loan from 1983-1985 at the then obligatory prices.

One-Time Grain Loans

Warsaw RZECZPOSPOLITA in Polish 19 Jan 82 pp 1, 8

[Text] (PAP)--In addition to the shortage of meat and processed-meat products, there may be problems in maintaining the current level of supplying the population with bread and grain products. The purchase of 3,600 tons of consumer grain from farmers was planned out of last year's harvests, which amounted to approximately 20 million tons. This was a realistic plan which, even given the shortage of artificial concentrated feed, did not affect animal production, since it encompassed only one-fifth of the total harvest.

Initially, grain procurement ran smoothly. During the harvest, farmers delivered an average of 30,000 tons of grain per day. Later, however, they

withheld deliveries. In October 1981, deliveries reached only 1,300 tons daily and in December they did not exceed an average of 200 tons daily. This situation was caused by continued higher grain prices in free-market trade and the tendency of private farmers to warehouse their grain surpluses.

As a result, by 10 January 1982 only 1.4 million tons of consumer grain from last year's harvests had been purchased, instead of the planned 3.6 million tons. By the same date last year, despite 1980's poorer harvests, over 2 million tons of consumer grain had been purchased. Thus, if farmers do not increase their grain deliveries both within the framework of contractual agreements (for the implementation of which 800,000 tons is still lacking) and outside of contracts made with the government, then, given our very limited import possibilities, there will be problems with supplying people with bread, flour and grain products. In order to supply the population with bread and grain products, we need approximately 600,000 tons of consumer grain per month. Given the very meager reserves at present, we must purchase--beyond the 800,000 tons of grain already contracted--at least another 1.5 million tons outside of government contracts with farmers. It is only this kind of procurement, along with grain imports, which will ensure that the populace will be supplied with bread and grain products at current levels.

In addition, many endeavors have been made in order to guarantee an increase in procurement, such as, e.g., the introduction of price surcharges for farm products supplied now, following the introduction of new procurement prices, as well as the initiative which has been advanced to float one-time grain loans.

In consideration of the positive response which this initiative has met among a considerable percentage of farmers, the Council of Ministers, in a decree dated 12 January 1982, has introduced a one-time grain loan participated in by private farmers and socialized units of the agricultural economy. For uncontracted grain supplied to socialized procurement points within the framework of the grain loan until 30 June 1983, private farmers and socialized farms can receive remittance in the form of grain coupons.

The loan guarantees that farmers who sell their grain to the state now will not lose anything in the deal and it eliminates problems with warehousing it, as well as losses which are inevitable when grain is warehoused for long periods. For grain supplied within the first half of 1982 within the framework of the loan, the farmer will receive coupons which will be redeemed by cooperating banks from 198[illegible]-1985 at the grain procurement prices obligatory on the day the coupon is redeemed. Grain coupons which are implemented by cooperating banks after the end of 1986, however, will be redeemed by Cooperative Banks at the procurement price for grain which is obligatory on 31 December 1985.

Grain coupons will bear interest at the amount applicable to savings deposits payable on demand and the value of grain supplied with the framework of the grain loan will be included the amount of one's pension or annuity. Thus, with all of the farmers' interests having been taken into consideration, it is

expected that the floating of the grain loan will meet with full approval in rural areas, and that the result will be increased grain deliveries.

Some Increase in Procurement

Warsaw RZECZPOSPOLITA in Polish 22 Jan 82 p 1

[Text] According the PAP reports, approximately 1.4 million tons of consumer grain has been procured from last year's harvests up to this time, including approximately 50,000 tons of grain from 1-20 January 1981. However, this is not enough to meet needs, since the milling industry needs 18,000 to 19,000 tons daily for processing.

The most obvious improvement in grain procurement is in Wroclaw Voivodship, where farms have supplied approximately 96,000 tons of grain, or nearly 71 percent of the contracted amount. Furthermore, farmers in Opole Voivodship supplied 1,885 tons of grain from 1-15 January 1982.

The initial results of the floating of grain loans have also become evident. For example, a farmer from Szymieszow in Opole Voivodship, Pawel Szczerbinski, supplied 1 ton of grain in exchange for coupons.

Procurement Still Too Low

Warsaw ZYCIE WARSZAWY in Polish 29 Jan 82 pp 1, 2

[Text] (PAP)--On the national level, currently approximately 3,000 tons of grain is being procured daily. This is considerably more than in November or December 1981, when farmers delivered approximately 250 tons during the course of a day. However, the procurement process is very uneven. For example, from 16 to 24 January 1982, procurement was greatest; nearly 4,000 tons of grain was purchased from farmers in Bydgoszcz Voivodship. On the other hand, in each of the voivodships of Poznan, Konin, Kalisz and Opole, farmers delivered over 2,000 tons of grain to procurement points. In sum, on the national level, grain procurement continues to be too low. Until the present time, approximately 1,445,000 tons of consumer grain has been procured from last year's harvests.

The delivery process has been relatively the best in the Wroclaw, Jelenia Gora, Walbrzych and Opole voivodships. On the other hand, until now procurement has been the worst in the Ciechanow, Czestochowa, Lublin, Nowy Sacz and Ostroleka voivodships, in which less than 20 percent of planned tasks have been executed.

Thus it is urgently necessary that farmers fulfill their contractual agreements and increase uncontracted sales of grain, which is needed for the baking of bread, among other things. The needs of the milling industry are considerably greater than the current daily procurement of grain. In a 24-hour period, up to 19,000 tons of grain is used for consumption, while approximately 3,000 tons is being procured.

Further Details on Loans

Warsaw RZECZPOSPOLITA in Polish 2 Feb 82 p 3

[Article by A. K.]

[Text] The domestic grain situation is extremely difficult. Procurement from 1981 harvests is very low. By 31 January 1981, approximately 1.5 million tons of grain had been procured, while the annual plan envisaged 3.6 million tons. At the same time, grain imports are reduced, primarily as a consequence of economic sanctions applied by the U.S. Government.

It is, quite understandably, in the interest of society and the state that we draw upon our own domestic grain reserves. It is not merely a question of bread for the cities. Last year, 401,799 tons of rye flour, 1,106,061 tons of wheat flour, 115,257 tons of groats, 21,073 tons of grain flakes and 34,318 tons of noodles were directed into the rural trade network. All together, this was 1,678,508 tons of grain-flour products, for which at least 2.1 million tons of grain was used.

In this list, the volume of grain procured until this time from last year's harvests acquires its own sort of significance. Thus far, rural areas have not fulfilled their obligations resulting from voluntarily signed contractual agreements. It is estimated that on this account, farming owes the state approximately 800,000 tons of grain. While it is true that talks with farmers have already stimulated of grain procurement, the improvement continues to be insufficient.

Nearly 2.8 million tons of consumer grain is needed to supply the population in the first half of 1982. The measures undertaken are not solving this problem. On the other hand, a one-time loan for a volume of at least 1.5 million tons of consumer grain announced by the Council of Ministers may solve it.

In announcing the grain loan, the state is creating very profitable conditions for its implementation.

First, for grain delivered to socialized procurement points within the framework of the grain loan by 30 June 1982, private farmers and socialized units of the farm economy, when this date has passed, can receive remittance in a cooperating bank in the form of grain coupons, the issuance of which is guaranteed by the minister of finance. Thereby, grain coupons are guaranteed by the state treasury. If they so desire, farmers will also be able to receive remittance in cash for the grain supplied, at the procurement prices obligatory on the day of delivery.

Second, grain coupons which private farmers and socialized units of the farm economy receive through cooperating banks, on the basis of delivery orders drawn up by socialized procurement points, will be redeemed by these banks from 1983-1985 at the grain procurement prices obligatory on the day the

coupon is redeemed; coupons implemented after 1985, but no later than the end of 1986, will be redeemed at grain procurement prices obligatory on 31 December 1981.

Third, grain coupons bear interest at 7 percent annually of the nominal face value on the day of delivery, calculated from the date of the grain delivery.

Fourth, the value of grain supplied within the framework of the grain loan is included, according to the procurement price obligatory on the day of delivery, in the value of products sold, recorded for the purpose of the granting of pensions and annuities to private farmers.

The grain loan, which is a voluntary act, has a markedly social character. It represents an important element in the policy of getting the state out of the economic and food crisis. By nature it is of humane significance through and through, since it means providing daily bread for the entire Polish nation. At the same time, it is to the farmer's benefit, since it makes it possible for him to take advantage of future price controls on grain and the increase in the purchasing power of money as the country gains economic stability.

It is in the social interest of all that the goals of the grain loan be fully achieved. What will determine this will be the social attitude of private farmers, the managers and social agents of state farms and the farm boards of production cooperatives.

Official Discusses Procurement Problems

Warsaw ZOLNIERZ WOLNOSCI in Polish 11 Feb 82 p 5

[Interview with Col Docent Dr Zygmunt Kolodziejak, Faculty of Economic Science, Military Political Academy in Warsaw; interviewer, date and place not given]

> [Text] Among the various problems to be solved in the food economy, the most pressing is the increase in grain procurement. The reserves available to the state are practically nil. What is the reason for this? In a PAP interview, Col Docent Dr Zygmunt Kolodziejak, Faculty of Economic Science, Military Political Academy in Warsaw, speaks on this subject and others.

[Col Kolodziejak] First, entering the new economic year without suitable reserves; second, the disproportionately lower than possible procurement of grain from the unsocialized sector; and, third, economic sanctions imposed by the United States and other NATO states, including the withholding of grain and fodder deliveries. With regard to reserves, the issue is fairly well known. Formerly they were not large enough to create a reserve supply; moreover, they were based on imports to a very great extent. The severe limitation of grain and fodder coming in from this source places us in an unusually difficult situation. This can be rectified by increased procurement

from resources within our own agriculture. This issue is all the more critical since economic restrictions imposed by the West will last so long that we can only count on this source for an improvement in our balance.

Does our agriculture have such resources available? If we calculate last year's harvests and the needs of agriculture for seed, means of self-subsistence and fodder, we would have to answer in the affirmative. Yes, there are grain reserves. Farmers from various regions of the country confirm this themselves. Then why do we not see this in procurement? There are many reasons. The times are hard, there are inflationary phenomena and there is the not always consistent and correct state policy with regard to the farmer, who prefers to withhold his grain from sale, understanding that it represents hard currency. The high free-market prices are an added factor supporting this move. The amount the farmer sells in free-market trade is peripheral with regard to his resources.

If the free market were to be fully activated, the price in this market would decline sharply. But the peasant evaluates the phenomenon without delving into its complexities. The blunders in agricultural policy committed until this time have not bypassed the sphere of grain procurement. The negative experiences which the farmer has in this regard are based on the fact that farmers who rush to sell right after the harvest feel they have been robbed since the further away from harvest time it is, the higher the prices paid by the state. Moreoever, the state also gives these farmers the right to purchase the means of production in which there are shortages and the like.

The lack of concentrated feed mixtures likewise affects the limitation of grain sales, since this means that the farmer reserves more grain for fodder. Finally, these are the consequences of the breakdown of economic ties between agriculture and industry. These are facts. While they cannot explain the existing situation in procurement, they do represent a point of departure for efforts to activate it.

[Question] For the sake of truth we must state that some things are already changing. In January 1982, approximately 120,000 tons was procured. Did this still fall much too short of the need?

[Col Kolodziejak] Yes. In order to have enough grain-flour products to feed the population, at least 700,000 tons of grain must be procured each month. Despite appearances, this is needed not only for the urban population.

Last year, 401,799 tons of rye flour, 1,106,061 tons of wheat flour, 115,257 tons of groats, 21,073 tons of grain flakes and 34,318 tons of noodles were directed into the rural trade network. All together, this was 1,678,508 tons of grain and flour products, for which over 2 million tons of grain was needed. Practically no one in the village bakes bread anymore. Like townspeople, villagers buy bread in stores. Thus, grain deliveries are in our mutual interest. Within the framework of contractual agreements, farmers delivered 1,088,000 tons of grain, while the agreements were made for over 2 million tons. All together, procurement throughout the entire economy has reached 1.51 million tons of grain thus far as against the planned 3.6 million tons.

[Question] What must be done to change this situation?

[Col Kolodziejak] We must definitely appeal to the farmer's civicmindedness. Such appeals, however, can only play an auxiliary role. Other, more effective actions are needed here. It is urgent that we implement the deliveries stipulated in contractual agreements in the very near future. Much effort must be expended to popularize and convince farmers to float grain loans. Nor can actions on behalf of free procurement be neglected. Recent decisions concerning price increases of grain beginning 1 February 1982, as well as advantageous loan principles, should help step up procurement in the short term. For the future, as long-term action, we must bring about the elimination of all negative phenomena which create obstacles to the procurement of farm products in general. There must be new and clear principles of government of farm products in general. There must be new and clear principles of government contracting with farmers, a regular price policy established at the beginning of each new economic year, an increase in the availability of the means of production, the expansion of services, an active taxation and credit policy and the like. All of this must be suitably integrated with the system of new economic reform.

[Question] Let us return, however, to the present day. There is an immediate need for energetic action by gmina agricultural services, gmina cooperatives and self-governing bodies and the rural aktiv among farmers, for the implementation of the determinations and plans which have been made thus far.

[Col Kolodziejak] Yes, a particularly great responsibility falls upon the above-mentioned services, institutions and the aktiv in those voivodships which are especially procrastinating in the fulfillment of their civic obligation. This is one-third of the voivodships. I believe that under present conditions we should do everything possible to see that contracted grain which has not yet been delivered reaches state and cooperative warehouses in February. For the first time in many, many years we are at the threshhold of an unusually hard preharvest season. Would that we might never have to live through it in the way that people of the older generation in the Polish village did. This was real poverty, when hunger stared one in the face and there was not even a crust of bread. Today rural Poland, at least in its overwhelming masses, does not have to face the preharvest season. This primarily threatens the urban population. The elderly know that in such critical situations people lent a helping hand, lending their grain. There were also occasions in which wealthy farmers exploited the poor. But this was in the past. Today during the preharvest season, the state is approaching farmers for such a loan. In making this announcement, it is convinced that farmers understand the importance of this decision, all the more so since the conditions proposed for its implementation are very profitable for farmers.

Let us call to mind its basic assumptions. For grain delivered within the framework of the loan to socialized procurement points by 30 June 1982, farmers can receive a remittance from a cooperating bank in the form of grain coupons which are guaranteed by the state treasury. If they so desire, they can receive a remittance for the grain delivered in cash at the procurement price which is obligatory on the day of delivery.

Grain coupons will be redeemed by cooperating banks from 1983 through 1985, at grain procurement prices obligatory on the day the coupon is redeemed. Coupons implemented after 1985, but not later than the end of 1986 will be redeemed at the grain procurement prices obligatory on 31 December 1985. It is likewise worthwhile to remember that coupons bear interest at 7 percent annually, according to the face value on the date of delivery. Grain supplied within the framework of the loan will be included, according to the obligatory procurement prices on the date of delivery, in the value of products sold and recorded for pension purposes.

Despite the difficult situation, state authorities are demonstrating much good will. In acting both in the farmer's interest and in the interest of urban residents, they are consolidating the worker-peasant alliance. The loan in question will be a voluntary act, and has a markedly social character. It represents an important factor in getting us out of the economic and food crisis. It is an incentive which has deeply human significance, for it is a question of bread for us all. This includes farmers. It is in the interest of us all that this task be executed in accordance with the intentions of state authorities. Farmers will determine this by their social attitude.

[Question] Can we wait passively for the social initiative to be unleashed?

[Col Kolodziejak] No, we must help it along. In addition to talking with farmers, we must introduce additional factors to liberate the attitude of society. As quickly as possible, we must introduce the behavioral principle of "something for something." The farmer who releases his contracted grain, the one who supplies grain within the framework of the grain loan and the one who sells his grain freely should be distinguished in some way. How? As everybody knows, in the current situation--and this situation will last for some time--there is a shortage of many means of production, beginning with nails and ending with tractors. If this is so, then the farmer who sells to the state should have a greater right to purchase these things than any so-and-so who notices nothing that goes on beyond the limits of his own bailiwick. In conjunction with this, tied-in sales should be introduced. I know that some will protest this, but life is tougher than we think.

I am of the opinion that this principle should be binding at least until the new harvests. A farmer delivering grain should receive vouchers to which a value if attached authorizing him to purchase the means of production which he needs, and of which there is a shortage. Farmers withholding sales to the state must be deprived temporarily of the right to purchase these means of production. The mutual relationship between articles sold by the farmer and the authorization to purchase the means of production should be established in order to guarantee their implementation in full. There is nothing worse than a voucher which is not covered. I would be in favor of applying this principle to all farm products sold to the state.

Within these considerations, I do not exclude the worst, that is, that despite the use of every possible measure, the volume of grain deliveries will be

insufficient. What do we do in such a situation? I would then be in favor of a one-time contingency plan as a last resort, to be used, naturally, only if all other methods fail. But I do not think that we will have to use this extreme measure. I do not believe that the slogan which is seen on peasant banners "They Feed and Defend" is only of historical significance today. I would be ashamed of the others, for I myself am of peasant stock.

8536
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AREAS FOR IMPROVING USE OF AGRICULTURAL LAND CONSIDERED

Bucharest ERA SOCIALISTA in Romanian No 22, 20 Nov 81 pp 16-18

[Article by Dr N. Brasoveanu]

[Text] The limited nature of the land--attributed specifically to the land fund--emphasizes the need for maintaining and increasing its production capability through a converging action of methods placed at the disposal of science and technology.

First, an increase in the land's production capability requires, in particular, correcting some shortages or excesses in the balance of water from the ground, preventing and fighting soil erosion and land slides, floods and so forth.

Their effect , high effectiveness,may be influenced by a coordinated consideration of the entire land fund--forest and agricultural--and by rational exploitation of it. So the preservation of a balance in development of the forest and agricultural lands can contribute to diminishing the negative manifestations of certain components of the natural framework and to increasing the contribution of land improvement projects. Under the conditions under which there was not enough concern with the mountain agriculture, the unprofitable crops yield land to the permanent pastures, while they or even the field crops make more and more room for the forests, thus threatening the agricultural-forest-pasture balance established by generations and, by this, disrupting the harmony of the natural framework.

The timelieness of land improvement projects fit into the background of the general characteristics of our country's agricultural area, resulting from which is the fact that the majority of lands are suffering, alternately or at the same time as, the combined effect of many unfavorable factors. Thus, in the Siret plain and interior, 60 percent of the territory is affected by erosion, 55 percent--by drought and 48 percent--by excess humidity. Despite this, for a long time the irrigation projects done were not joined with the drainage projects, although both projects are necessary, of course in varying proportions, on most of the country's territory. Also, a lot of time had to pass until the option was given credit for having integrated accomplishment of the entire complex of improvement projects in the hydrographic reservoirs. During a period not so long ago land improvement projects were being carried out nearly exclusively on the territory of the state sector of agriculture, with "small little islands"

forming along the perimeters throughout the country, localized projects, for the reason of higher efficiency, at the "foot" of the slope or of mountains. As a result, the first high floods of water from the mountain ridges were destroying the costly projects done and were clogging the territory affected. Just recently--and today it is not everywhere--land improvement projects are being carried out completely on the territory, proceeding from the enforesting of the watersheds, continuing with the entire complex of specific land improvement projects.

Quantisizing the effect of land improvement projects on the territory and crops would contribute to substantiating the agricultural systems and the marks for economic intensification of the land's fertility. In this way, the planning and forecasting activity would gain scientific support, which would permit differentiating the production levels by zones and pedoclimatic microzones, judiciously establishing the dimensions and structures for intensification under the conditions of the agricultural systems.

Economic efficiency at the level of the overall land projects is estimated at .128 lei increase in net income for each leu invested, thus giving a recovery schedule of around 8 years. But in agricultural practice the effect and efficiency of land improvement projects are considerably smaller by omitting of the specific maintenance projects. Also, the establishing of reduced ceilings for the specific investment leads to carrying out improvement projects with reduced functional nature. For irrigation, for example, under the conditions of inappropriate specific investment there is a great reduction in the opportunity for carrying out thorough water-tightness jobs. As a result, a harmful reduction takes place in the water tightness of the canal network, which brings large losses of water and, in addition, leads to deterioration of the land fund.

Long-lasting experiments on the effect of irrigation bring out a slight reduction in the proportion of clay, silt and humus, meaning a start of destruction of the clay-humus complex, conditions in which the ground has the tendency to have its initial natural qualities worsen. From here we have the need for a systematic practicing of combined organic-mineral fertilization, which contributes to the neutralization of this process and insures that the organic reserve and the ground's physical and chemical properties are preserved.

Contribution of land improvement projects is not limited just to the immediate economic efficiency and the level of the categories of use and beneficiary crops. Eliminating the unfavorable state of certain land and intensifying its production capability, the improvement projects preserve and transmit to the future generations a land with high production value. So the usefulness of land improvement projects must be analyzed in the framework of the past-present-future dialectical relationship at the level of immediate and future economic effects and not just with regard to economic efficiency but, rather, social-political efficiency.

Land improvement projects bring quality changes in the structures of agricultural production. Irrigation, together with fertilization actions, facilitate extending the system of intensive production to the level of all categories of land use, that is, the use of natural hayfields as cultivated hayfields, reducing

the percentage of grain, increasing the percentage of vegetable, corn, early summer potatoes, sugar beet, soy and lucerne crops as well as concentrating animal production in the irrigated zones. Under conditions of drainage of the lands with excess humidity, against the backdrop of raising the production potential of the natural hayfields, it becomes possible to make certain areas of pastures and hayfields arable, concentrating corn, sugar beet and potatoes in the zones which have benefitted from these projects. Combatting soil erosion permits extending the tree and grape-growing plantations to the lands on slopes, terraces and requires an increase in the proportion of fodder crops on the affected territories and installing forest plantations on the agricultural lands with a maximum state of destruction, with all this favoring the concentration of sheep and cattle in the hill and mountain zones.

Changes in the production structures, in the crop rotation system, fertilization system as well as in those involving work techniques brought by land improvement projects form specific agricultural systems on the territory, against the background of each of the main land improvement projects and the zonal intensification activities as a whole. In the framework of these subsystems of the agricultural systems, the organization of vegetable production in crop rotations, which would include crops which improve the soil in the crop rotation and the utilization of organic fertilizers, would contribute basically to maintaining and increasing humus in the soil. Thus a balanced energy balance is achieved between the inputs which the soil benefits from and the outputs of raw material from the soil.

Also fitting into a more comprehensive view of the relationship between the rational use of the land fund and the saving of energy is the contribution of agricultural systems to obtaining higher production, with lower energy consumption and consumption of raw materials per unit of product. That is why we are choosing the organization of the system of irrigated agriculture in the plains zones, the anti-erosion agricultural system on sloping land, the agricultural system with improving crops on the podzol and acid soils, with excess humidity and the mountain agricultural system in the zone of pastures which overwhelmingly predominate at high altitudes. Within the framework of these agricultural system one would find the proper place of energy-intensive and energy-extensive crops in the necessary proportion, corn in proportion to its thermal crop limit, clover in accordance with the hydro system and with the end being improvement in the land's production potential, animal breeds in proportion to the natural resources of fodder which, against the background of adequate production techniques, led to profitability of agricultural production and reduction of specific energy consumption. This kind of judicious placement of all agricultural production on the territory would also lead to solution of the problem of the sizes and structure of animal production by zones, giving new numbers and development rate for the cattle and sheep in the country. A broader opening ofherbivore animal raising in the pastures--planned by the higher party and state leadership--would contribute to better utilization of pastures and hayfields and to obtaining cheapter animal products, with considerably lower energy consumption in proportion to the industrial complex for animal raising in the plains zones, which have number of animals bevond the possibilities for nourishing them with volume fodder and which require large consumption of energy and raw materials as well as high production costs brought

by costly construction and by obtaining and preparing of fodder. Also, some crops would regain their place in the branch of vegetable production, crops which are particularly resistant to natural given conditions, crops existing and verified in practice for dozens of years but disconsidered and eliminated or reduced in substantial proportion for many years, crops like rve, oats, winter fodder, peas .

Fertilization is just as important an activity for conservation and raising of the land's production potential. For ages land fertilization was done bv using the stable garbage and with the aid of perennial leguminous plants. In the last 20 years, fitting into the coordinates for intensification and modernization, our country's agriculture has seen a large contribution from chemical fertilizers. It is just that their application did not occur sufficiently on scientific bases with regard to both the levels as well as structures of fertilization of the territory, crops and social-economic sectors. So for a long time considerably larger doses of chemical fertilizerwere administered on the lands of the state sector of agriculture and priority attention was given to the crops which are contracted for the state fund, neglecting the fodder crops and, in particular, the natural steppe vegetation, a fact which affected animal production which also participated in the state fund. Also, there was not enough differentiation between the level of fertilization on the territory and the balance of nutritional substances from the soil, with chemical fertilizers being distributed for the most part to the solvent beneficiaries, that is, the agricultural units able to pay back the production credits given for these fertilization resources. In the end, the ration of NPK chemical fertilization did not correspond to the pedoclimatic conditions on the territory and the crop requirements. In this framework of the problem, as an example we mention that at very close levels of phosphate fertility and production the doses with phosphorous fertilizers in recent years differ 39 percent between Alba and Cluj Counties, 38 percent between Brasov and Sibiu Counties, 44 percent between Caras and Gorj Counties, 64 percent between Salaj and Maramures Counties, 80 percent between the former Ilfov County and Bucharest Munccipality and so forth. At the same time it was found that the quantities of phosphate fertilizers are very close at distinctly differing ceilings of phosphate fertility between Botosani and Iasi Counties and between Neamt and Suceava Counties. Referring to the contribution of potassium fertilizers on the territory and crops, the problem is posed of reconsidering the thesis on the lack of its timeliness. The need for potassium seems clear under the conditions of using large doses of nitrogen and phosphorous, which bring high production and large consumption of potassium. One notes the contribution of potassium, particularly to certain technical and food crops such as sugar beet and the potato. Even for grain and corn potassium contributes to increasing harvests on the podzol. These truths are in disagreement with the concept which dominated a long time in agricultural research and practice, according to which our country's soil has available enough reserves in potassium so that it is not necessary to fertilize with these fertilizers. Even now, types of nitric acid fertilizers--particularly ammonium nitrate--are still being used in fertilization with nitrogen and this has contributed and will continue to contribute to an even more powerful acidification of the podzol soils under conditions where alkaline or neutral nitrate fertilizers could be produced.

The most important lack in the fertilization process has been the fetish with chemical fertilizers, nearly completely neglecting stable waste. Under conditions

of slaughtering the work animals even during the period of the cooperatization of agriculture and the high cost of motor transport, the stable waste--a complex fertilizer with more agricultural-technical effects than chemical fertilizers--has been used for a long time in very reduced proportions, sometimes mostly around the stables. Clearly, the evolution of the demographic-food ratio invites the use of chemical fertilizers in greater and greater proportions, but the energy and raw material crisis still hinders this impetus. Under these conditions it is becoming urgently necessary to have complete use of stable waste, of green fertilizers, compost, vegetable remains, perennial fodder crops, with chemical fertilizers merely to complete the lacking balance of nutritional sutstances. Against the background of this group of fertilization resources, it is necessary, on the basis of agrochemical research carried out strictly and frequently, to analyze the balance of nutritional elements from the soil. This is especially necessary since, under the conditions of the imbalance between the increasingly greater need for fertilizers required by the soils and continually more productive hybrids and the quantities of fertilizers administered, the crops are consuming from the centuries-old organic material accumulated, with the tendency to achieve higher and higher biological potential. So that, in the last two decades, a shortage of around 3.4 million tons of active substance has been recorded between the quantity extracted by the crops in proportion to the level of production and that repaid through chemical,natural fertilizers and vegetable remains, with the proportion of lands supplied on an average basis or well supplied with phosphorous falling in greater proportion. The constant involution brings out the need for considering energy laws, with an economic analysis not having taken into account, until now, the content and finality of this law, considering the resources, especially the natural ones, inexhaustible. As Georgescu Roengen correctly observes, it has been found that as often as energy is expended to create values of usage, an increase also appears in the disorder in law.

Improving the lands still is an activity which contributes to inproving the land's production capability and to fuller utilization of chemical fertilizers. However, since this requires large expenditures of social labor and large consumption of investments and energy, it is being considered more and more timely to introduce the utilization of neutral and alkaline fertilizers in greater proportions and extend their use, which would take over a portion of the effect of the improvement.

A superior intensification of the land's production capability under conditions of maximum efficiency can take place against the background of a systematic concept in the process of intensification on the basis of optimum zonal combinations of the factors of technical progress. In this regard, in mind is the use of chemical fertilizers in different varieties of combination on the territory with other economical production means--irrigation, organic fertilization, liming and so forth. Knowledge of the effect of intensification activities in optimum combinations of the factors of technical progress is needed not only because it brings superior effects with relatively lower means but also because in this way a truthful picture of the action is obtained in the complex of the particular factors. So, having available merely the partial manifestations of one or another of the means of intensification mentioned, if we were to add them up we would not have a spectrum of development but an explosion. The special effects of the zonal combinations of factors for intensification, against

the background of the fertilization process, leading to the reduction in the need for chemical fertilizers and in general to a high ratio between effort and economic effect, bring out one of the postulates of Marxist theory on economic growth, according to which supplementary production "originates either from the difference in size of the capital utilized or from better use of it." Under conditions of the scarcity of raw materials and energy and the need for superior utilization of natural and economic conditions, our party and state economic policy aims at the second option.

A problem of great theoretical and practical importance results from the question of whether the entire series of factors of technical progress in agriculture bring a homogenization tendency for natural fertilization of the land or if it emphasizes the existing gap even more. In other words, the question is raised of whether differential revenue II diminishes the levels of differential revenue I on the territory. The studies made have led us to the following conclusions: under conditions of lack of irrigation, the process of fertilization and liming brings a tendency for homogenization of the land's natural fertility on the irrigated lands but, at the same time, a pronounced difference in the land's production potential compared with the nonirrigated territories. These findings require a reconsideration of the substantiation of the production ceilings in the framework of the territorial planning of agricultural production. In this context, a replacement of them on the territory is needed depending on the new potentials of the land for agricultural crops.

So one reaches the conclusion that rational use of the land fund requires a consideration of agriculture on different systems of agriculture, against the background of one or some land improvement projects specific to the given zones and a reconsideration is required for production structures, types of crop rotation, work techniques, levels and structures of fertilization, thus establishing a perfect interrelationship between the agricultural system as a whole, intensification of agricultural production as a component part of the system and rise in the land's production potential.

8071
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OPERATION OF NEW MECHANISM IN FOREIGN TRADE ILLUSTRATED

Bucharest ERA SOCIALISTA in Romanian No 22, 20 Nov 81 pp 22-24

[Article by Ion Stanciu, deputy minister of foreign trade and international economic cooperation]

[Text] In the current stage, that of Romania's transition to the stage of a socialist country with average level of development, the activity of foreign trade and international economic cooperation gains an increasingly more important role for the country's general progress and for raising the people's material and spiritual level. Emphasis on the process of the international division of labor, carried out in the development of foreign economic relations with more than 140 countries all over the world, relations which are continually diversifying and expanding, leads to a continual rise in the proportion of products headed for export. In our overall industrial production, around 30 percent is headed for export, while in some subbranches of industry, such as is the case for tractors, field vehicles, technological equipment for the machine construction industry, chemical industry, clothing and footwear industry and so forth, the production for export predominates. The rising importance of foreign trade and international economic cooperation requires as an objective need the application of the new economic-financial mechanism in this area, too, a mechanism for which all the necessary conditions have been created in this five-year plan for its full operation in all its complexity. The priority goal is achieving an active commercial balance, which would insure a balanced balance of foreign payments and consolidation of the country's currency reserves. Basically this goal is an important component in the new economic mechanism not only in foreign trade but in our economy as a whole, since keeping and consolidating economic independence, strengthening the national currency mean balancing imports with export and covering all the foreign payment obligations with incomes obtained from export and other activities which bring currency.

As we know, currently the circumstances of the foreign market are generally unfavorable for the development of commercial exchanges, as a result of the increase in the price of crude oil and of a number of raw materials, emphatic crisis phenomena, inflation and unemployment, rise in the interest levels in some periods of up to more than 20 percent per year for credits in dollars, through measures artificially adopted by the industrialized capitalist states and so forth. The volume of interest in the conditions of such a high rate and the rise in the developing countries' foreign debt cause a heavy burden for these countries, a drain of an increasingly large portion of their national incomes to the credit-giving industrialized countries.

In this general context of the international economic circumstances, the particular theoretical and practical value of the guidelines set by Comrade Nicolae Ceausescu for the gradual reduction in the foreign debt is brought out even more strikingly. Referring to this problem at the 2d congress of workers councils, the party's secretary general said the following: "In the party and state leadership we have decided, and I am placing this for the approval of the workers congress, that we should no longer permit any kind of rise in the foreign debt and we should take firm action to continue reducing it until it is eliminated completely."

In the 1981-1985 period foreign trade activity, characterized overall by a harmonious joining of the emphatic growth in commercial exchanges with deep and complex changes structurally and qualitatively, intended to lead to a considerable rise in economic efficiency, is firmly being directed toward precise fulfillment of this major task of gradually reducing the foreign debt. According to forecasts, the total volume of commercial exchanges is to grow dynamically, more emphatically for export (15.7 percent) compared with the average annual growth rate of imports (7.7 percent). The tasks thus established should insure an active commercial balance and a balance of foreign payments with the surplus intended to reduce the foreign debt.

In the overall actions to create the conditions needed to apply the new economic mechanism in the foreign trade area, the Law on Strengthening of Worker Self-Leadership and Financial and Currency Self-Management in this sector occupies a principal spot. Initiated and worked out under the direct guidance of Comrade Nicolae Ceausescu, the law, in complete agreement with the requirements and realities specific to our national economy, establishes the measures of vital importance, aimed at increasing the initiative and responsibility of those working in the area of production and commercialization of goods for export in order to put out competitive products with high efficiency, ones which incorporate our own work and creativity, parallel with giving them direct material inventives to increase export, reduce import and activate the balance of foreign a payments and commercial balance.

The direct link between the administration of the enterprises which deliver goods for export and the results obtained by commercializing these products, with respect to the size of currency receipts, currency contribution and other parameters of efficiency, represent one of the definitive principles of the new economic mechanism in foreign trade activity. By applying this principle, which combines responsibility and material incentives, the enterprises receive the cou tervalue in lei for the goods exported, calculated on the basis of foreign

prices actually achieved and the planned rates of return in lei for each dollar or ruble. This ratio, as the basis for the system of discounting the goods exported, leads to a direct increase in incomes and, thus, to an increase in profits correlated with the volume of prices achieved on foreign markets.

The close and direct relationship between the enterprises' incomes and currency receipts for the goods exported stimulates efforts and concern with producing and delivering goods under conditions of quality, schedules, method of presentation requested by the foreign partners, with direct favorable effects on the prices obtained, together with concern for adapting production to the requirement and changes which frequently occur on foreign markets. Of course, fulfillment of these goals makes necessary the direct and actual participation of the enterprises which produce goods for export, together with the foreign trade ones, in prospecting the market, in the treaties with foreign partners, in agreeing on and concluding contracts, in solving all the technical, economic and financial-currency problems which occur in unfolding of these contracts. Such a participation becomes more and more an inseparable aspect of production for export; it must be characterized by examination and jointly finding constructive and efficient solutions for increasing competitiveness on foreign markets for a more striking assertion of the goods exported to the particular markets.

A basic and innovative element is the introduction of the system for discounting imports, except for basic raw materials for which fixed prices are set by law, and invoicing products for domestic beneficiaries on the basis of the foreign prices actually paid and the rates of return planned by products or groups of products. This contributes to stimulating all the beneficiaries of imports to find solutions to replace them with products from the country and, in the case that such a measure is not possible, to select those varieties which fulfill the quality requirements of the technological process for which they are intended and at the same time can be obtained at the lowest possible prices. The creative thinking of our specialists in research and production thus is stimulated for adopting efficient solutions able to bring currency savings on imports, savings of expenses in the management of the beneficiary enterprise and, as a result, a rise in the incomes of the workers in the particular units.

The new system for receipt of the countervalue of export and payment of imports has been a powerful impulse, even from the first year it was applied, for improving the quality of the products headed for export, for orienting it toward products with a high degree of processing of raw materials, commercialization of goods in zones and on markets which offer the most favorable conditions. In the end we have reached an additional income in the management of enterprises (compared with those attached to the payment of products at the domestic delivery price) of more than 500 million lei in the first half of 1981 alone.

Commercialization of goods for export, particularly in the current period of the emphatic economic crisis, takes places under conditions of bitter competition, of large variations in parities between various currencies, of a broadening of measures of a restrictive, protectionist nature and so forth. Overall, these phenomena bring an important influence to bear on the prices at which goods can be sold and on the payment schedules and other factors of commercialization. That is why the new economic mechanism requires that maximum

effectiveness, flexibility and a spirit of responsibility at the level of all organs with duties in this area be demonstrated when any decisions are adopted in the area of foreign trade, such as review of prices and rates of return. The decisions made, bearing in mind all the implications resulting from circumstantial phenomena in the particular sector, must continually consolidate the concern with fulfilling and overfulfilling the export plan under conditions of continually higher efficiency.

Improvement in the material incentives for all those who work in the sector which produces goods for export and those for commercializing them is another important aspect of the new economic mechanism. The measures adopted in this area, organically fitting into the general principles for stimulating the socialist enterprises and the state and cooperative ones, as well as workers to fulfill and overfulfill the plan indicators for respect for the quality aspects of activity, include varied forms of incentives for foreign trade activity and international economic cooperation. So, the enterprises producing goods for export benefit from a portion of the currency obtained beyond the plan forecasts in an amount of 80 percent for state enterprises and 50 percent for the cooperative ones. A portion of this currency is for the centrals and ministries for carrying out certain overall actions in the particular sectors while the difference, predominant in the total amounts, remains with the enterprises which have produced the goods for export,to be used to produce the imports for development of export production, introduction of new technologies, obtaining of subassemblies, materials and parts for the production for export and organization of excursions abroad, in accordance with the decisions adopted by the enterprise's decision-making factors.

The application of these measures from the series of factors in the new economic mechanism achieves an interconditioning capable of leading to a continual growth in export. Because any overfulfillment of the plan creates resources which, as we have seen, are used to broaden the material base needed for a quantitative and qualitative growth in the production intended for export, competitive assertion of Romanian products on foreign markets, parallel with deepening of the process of specialization of enterprises or of certain of their sections for export. Of course, such favorable effects for the development of export production do not flow automatically by themselves. Great care is needed in adopting decisions on utilization of the currency to which the enterprises overfulfilling their export plan are entitled. Each action must give efficiency and must lead to broader export production and a rise in the products' competitiveness.

In agreement with the principles of ethics and equity and with the requirements and realities of the current stage, worker personnel in the enterprises producing goods for export are benefitting from supplemental incentives compared with those manufacturing goods for other purposes. Thus, greater funds for participation in the profits are given for overfulfilling the export plan and prizes for special results and collective trips abroad from the currency belonging to the particular enterprises. In turn, worker personnel in the foreign trade enterprises are paid from a fund resulting from application of shares in lei for each 1,000 rubles or dollars belonging to the export and import activity and, separately, for the currency contribution obtained from special operations. Within the limit of amounts calculated in this way, the rights for being paid

are given to worker personnel in the foreign trade enterprises and the network for foreign commercialization without any ceiling, which creates a powerful incentive, bringing a concentration of efforts to increasing export and obtaining high prices for the goods exported.

The creation of this direct relationship between the incomes obtained through salary and the volume of export, import and the currency contribution is a new element in the salary system, a factor of active material incentives for the worker personnel working in the area of commercialization for finding solutions to contract goods, to orient sales on the markets and in the most advantageous periods.

However, one should state that the flow of the process for commercialization of goods under the conditions of the current circumstances, influenced by a multitude of factors bringing basic changes at short intervals, requires great attention in the application of the salary so that a rational correlation is permanently kept between the effort made by the worker personnel in the foreign trade enterprises for finalization of contracts, creation of all foreign conditions for the flow of goods for export and the results obtained on one hand and the incomes which they benefit from on the other hand. Only under the conditions of the optimization of this correlation is the necessary stimulus maintained so that the commercialization process takes place well and brings maximum efficiency.

Achieving an active commercial balance and a balanced foreign payments balance involves an active contribution from the enterprises producing goods for export or the beneficiaires of imports.

In carrying out their activity, the enterprises and centrals have the natural duty to deposit into the planned currency fund or to receive from the same fund, according to the case, at most the amounts representing the planned liability balance through the balance of receipts and payments in currency. But this requires that the ministries, centrals and enterprises draw up the commercial balance and the balance of currency receipts and payments and, in particular, firm actions to fulfill in their entirety their forecasts and the balance which was established.

Application of these regulations in the general context of the new economic mechanism, however, has not been understood and respected by certain enterprises and centrals as is proper; there are cases when imports have been requested under conditions where the export has not been fulfilled and the planned contribution to the centralized state currency fund. The task is to do everything to fulfill and overfulfill export and to find solutions which lead to continually reducing import.

Under conditions where Romania must obtain a large portion of the raw materials and basic materials used in the industrialization process from imports, a rise in the degree of their utilization--reflected in the ratio between foreign prices in currency of the finished exported product and the expenses in currency belonging to the imported basic raw materials--is a basic criterion by which the efficiency obtained by products or groups of products is quantified.

We know that superior utilization of raw materials and use in their degree of processing and reduction in specific consumption, as inseparable aspects of this process, are a constant concern in all industrial branches. In the machine construction industry, for example, there has been a constant rise--and this is also valid for this five-year plan--in the percentage of electronics and electrotechnics, in complex installations, in improved machine tools with programming and numerical control; in the chemical industry in coming years there will be a reduction in the percentage of fertilizers and sodium products in favor of those with small volume and high value such as fibers, dyes, varnishes and paints and cosmetic products; in the wood industry the percentage of furniture from the valuable varieties will increase; in light industry there will be an increase in the export of clothing, readymade, with a decrease in knitwear. These actions will contribute directly to a continued rise in the degree of utilization of raw materials, and, implicitly, to an increase in the efficiency of export.

The efficiency of export in the end is reflected in the currency contribution obtained for all the products for export. Through the foreign prices obtained it is necessary to compensatefor the material expenses of the raw materials and basic materials, fuel and energy calculated in currency at the world price, while the difference between the price of the finished product and these expenses, that is, the currency contribution--the basic indicator characterizing the degree of efficiency of the export--must compensate for the expenses of management , labor, those for preparing the goods for export, transport up to the border, calculated in currency, at a parity of 15 lei to the dollar or the ruble. Finally, the highest possible profit in currency must be achieved.

Improvement in the economic mechanism in the activity of foreign trade and international economic cooperation has had positive effects even since the first year of the current five-year plan. In the 1 January-30 September 1981 period, compared with the same period in 1980, export rose--we repeat, under conditions of a barely favorable circumstance--17 percent, while imports were reduced, being at a level of 97.2 percent compared with the same period. Continuation of this trend, parallel with intensification of export, the indicator for which some enterprises and centrals have not fully fulfilled the planned tasks, will contribute to fulfilling the goals in the Directives of the 12th party congress.

8071
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STATUS OF DINA PETROCHEMICAL COMPLEX DISCUSSED

Belgrade PRIVREDNI PREGLED In Serbo-Croatian 19 Jan 82 p 8

[Article by T. Kapetanic: "Why Did Dow Chemical Company Leave Krk? The Real Reasons Have Not Been Given."]

[Text] DINA, the largest industrial project (a petrochemical complex) in Croatia as well as Yugoslavia, will be continued even though its foreign partner has withdrawn from participation in the construction of the second and third phases. The DINA Petrochemical Labor Organization was founded on the basis of an agreement of mutual investment signed by INA, an industrial petroleum company in Zagreb, and the Dow Chemical Company of the United States, in order to construct facilities for producing polyethylene of low density, vinyl chloride monomers, ethylene dichloride, styrene monomers, ethylbenzene, polyethylene of high density, benzene and other products. The construction of the petrochemical complex on the island of Krk was planned in three stages. The first, planned to be completed by the end of this year, involved the construction of facilities for making polyethylene of low density, vinyl chloride monomers and ethylene dichloride.

What's Going on Here?

Now, after considerable delays and cost overruns, a year before completion of the first phase and with much of the construction already behind schedule, the American partner has proposed a moratorium on the construction of the second and third phases of DINA. The project is of great importance for our economy, considering that approximately $2 billion a year is being spent by the manufacturing industry for the import of raw materials that this large petrochemical plant will be able to produce.

This international company (the second biggest in the United States and the sixth in the world) does not want to abandon Krk completely or pull out of the agreement but wants to postpone the other two phases until a more favorable time. If DINA wants to continue working on the project by itself, the American partner will provide technological assistance; this will require additional foreign currency. The argument used by INA's partner that the moratorium is necessary because of serious difficulties in the world is unconvincing. INA recently issued a special report concerning these matters, which in general said nothing about the real reasons for the withdrawal of the foreign partner, we can only guess why this unusual misunderstanding between the two partners took place.

The report says, among other things, that the agreement concerning mutual investment in the project was concluded 26 March 1976. Most of the production was intended to satisfy the needs of the Yugoslav market, currently met by imports costing approximately $500 million. The remainder was to be used for export to provide foreign currency influx in order to meet the foreign currency obligations to the foreign investor and to repay the loan held by foreign banks. The construction of the facilities of the first phase has provided a production capacity of 270,000 tons of polyethylene and vinyl chloride monomers, while work is still underway on power installations and the infrastructure. The first phase is supposed to be finished by the end of 1982.

Financial Arrangements Coordinated with Stabilizing Measures

The report also says that the Commercial Bank of Zagreb, on behalf of DINA, will guarantee the funds for the whole complex, that the financial arrangements have been coordinated with stabilizing measures in the Croatian and the Federal Executive Councils and that the Executive Council of the Parliament has provided for the necessary importation of equipment with its own measures. At this time the partners were assessing the progress in the construction of individual parts of the project, including the power installation and the infrastructure, which has almost been completed. Keeping the present circumstances in mind, the partners will take measures in accordance with mutual long-term goals, in order to construct the entire complex, which will justify itself economically in meeting the growing needs of the domestic market for petrochemical products.

Thus, the report does not explain much and gives little indication of the real reasons behind the withdrawal of the foreign partner from its participation in the construction of this large petrochemical project. Should we continue it ourselves with the help of foreign banks that have been involved in the project till now? In order to answer this question, there must be some agreement within our country, because labor organizations from virtually all republics and provinces are interested in DINA and its products.

Why have these problems involved with DINA come about? The general director of INA, Vladimir Lemic, in a statement for VJESNIK INDUSTRIJE NAFTE [Oil Industry News], indirectly responded to this question: "These problems were caused by the familiar difficulties in our economy provoked by insufficient foreign currency. Because of this, completion of some projects was late. This creates certain problems in our relations with foreign partners, primarily in keeping to the agreed construction schedule."

Association of Labor, Solidarity...

Everything possible must be done in the DINA project this year so that production in the first phase can begin as soon as possible. Then it must be ascertained what must be done with the second and third phases in order to adapt to recent changes both in the world and in our economy, especially with regard to the oil and petrochemical industry, where the changes have been the greatest. Of course, Yugoslavia still imports large quantities of these products. Our needs will not be completely satisfied even when DINA is in full operation. But all in all, the problem of the completion of the DINA project as quickly and

as efficiently as possible will remain one of our most fundamental tasks this year, according to Vladimir Lemic, the general director of INA.

The agreement between the two partners specified that INA would put in 51 percent of the total investment and that Dow Chemical would contribute 49 percent. Loans in dinars were obtained to pay for project needs paid for in this country, foreign currency loans were obtained for payment of foreign services. According to the most recent investment program, the investment has been completely financed, the chief director of DINA, Fedor Rescec, has claimed.

The first detailed investment program was composed in 1978 and amounted to $971 million. The program was revised in August 1981 and it came to $1.2 billion. There are many reasons for the increase but the most important one is, of course, inflation both in our country and in the world. Adding to the increase are delays in construction and in the delivery of equipment, especially from domestic sources.

The DINA project on Krk is based on the association of labor and resources of three organizations in INA, the refineries in Rijeka and Sisak, and OKI [Organic Chemicals Factory] in Zagreb. It is the largest industrial project in Croatia and the most important program in the Yugoslav chemical industry. It is expected to produce more raw materials for intermediary petrochemical producers as well as for manufacturers. For example, the products of the first phase will be used by Jugovinil of Split, Polikem of Zadar, OHIS [Organic Chemistry Factory] of Skopja, Iplas of Kopar, OKI of Zagreb, SODASO of Tuzla, the Synthetic Rubber Factory in Zrenjamin, Varteks, Borovo and Chromes and many others.

In its maintenance and development policies, INA has reduced significantly its number of investment plans in order to give priority to DINA and Kutina II (a fertilizer factory). Now the DINA project must be adapted to changed conditions in order to satisfy the needs of the domestic market more fully and to provide foreign currency for meeting obligations to foreign creditors. According to all authorized statements, the DINA project should not be endangered, although it is hard to believe that the second and third phases can be completed by the end of 1985 as planned. Iplas of Kopar and OHIS of Skopja have expressed a willingness to invest money in the future production of DINA, which indicates an important element of cooperation in the development of our basic industry. Other collectives in the country that are interested in the DINA production program will probably join this show of solidarity in the face of recent conditions.

9548
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MACEDONIA HARDEST HIT BY ENERGY SHORTAGE

Electric Power, Mazut Shortage

Skopje NOVA MAKEDONIJA in Macedonian 16 Feb 82 p 2

[Article by Erol Rizaov]

[Text] Macedonia is in the most difficult energy situation in the country. The situation is particularly bad in supplying electric energy and mazut. Every day there are limitations on the supply of power to consumers, with households having their power turned off every fourth day for a number of hours, while the overall economy is getting 30 to 40 percent less electrical energy than anticipated needs. This situation is no better for heavy oil. Some labor organizations in the republic have stopped production, or are about to do so, because of shortages of this fuel.

It is understandable that this has severe conseuqences for the economy, the more so since no improvement in the situation is expected soon. On the contrary, reserves have been at minimum levels and in critical shortage for some time, for example, at the Negotino thermoelectric power center, where they say that all reserves of mazut have been used. Because of the bad situation throughout the country, the Yugoslav electrical energy system's supplies of electrical power and mazut from refineries is constantly worse. On the other hand, the Yugoslave energy balance for 1982 does not promise anything better for Macedonian needs. Thus, according to the Yugoslav balance for the year, 599,000 tons of mazut have been allocated to Macedonia.

As far as electric power is concerned, the situation is even more difficult; this year the republic will be short 800,000 kilowatt hours of electrical energy. It must also be said that this shortfall is estimated on the basis of the assumption that all anticipated kilowatt hours from domestic sources, from imports and from the Yugoslav power grid will actually be received. That means that, in addition to that amount, there will be a larger shortage of electrical energy.

A solution to these problems cannot be expected merely from economizing and replacing imported fuel with domestic. Even though major efforts must be made in these directions, shortages of this magnitude can only be eased by changing the Yugoslav energy balance for 1982. Therefore, the Executive Council of the Macedonian Assembly at its latest session decided that it should submit a request

for changes and supplementary quantities in the Yugoslav energy balance, in order to increase the total energy alloted to Macedonia by 285 million kilowatt hours and 150,000 tons of mazut.

Why only that amount?

The simple reason is that, according to the Macedonian electric power balance for 1982, it is anticipated that the Negotino TEC will produce 580 million kilowatt hours. (Even with this anticipated production there will be a shortage of 800 million kwh, and 150,000 tons of mazut are needed for that. On the other hand, only 30,000 tons of mazut can be alloted to the Negotino TEC from the 599,000 tons assigned Macedonia in the Yugoslav energy balance. That means that if these energy distribution factors are retained, the electric power shortage in Macedonia that cannot be rectified will amount to nearly 1.5 billion kwh. Such a shortage would provoke extremely serious consequences, of both economic and other types. In that case, neither restrictions nor savings would help much. The Macedonian economy would simply be paralyzed for months, while domestic consumers would be without power more frequently than they would have any power.

The operations of the Skopje mines and iron works are also uncertain. It is known that, according to the long-term agreement, the iron works is supposed to receive 1.1 billion kwh annually from the Kosovo TEC. However, according to the Kosovo electric power balance for 1982, the iron works is alloted only 819 million kwh. Specialists assert that, if the Kosovo TEC really delivers fully 300 million kwh less this year than called for in the agreement, that would mean a serious crisis for the operations of this metallurgical complex.

The reasons for this sort of energy crises in the country are well known. The weaknesses lie primarily in the pursuit of a poor energy policy for years at a time. Despite the enormous capital undertakings in the country for the construction of various other types of facilities, it nonetheless appears that little attention has been paid to the construction of energy installations. Naturally, now comes the time to pay the check. In comparison with other republics and provinces, however, the situation is the worst here in Macedonia. For several years, not a single project to build an energy facility has been started, and the only one that was already underway, the Bitola mining and power complex is late. No one can say how much harm the delays in completing this thermoelectric power complex are causing, but its initial operations are awaited like one's daily bread. The Bitola MPC is to deliver its first kilowatt hours on 1 July 1982!

Finally it remains, as the unavoidable need in such instances, to repeat as we have uncounted times before that energy savings and the replacement of imported fuel with domestic can achieve a great deal. There is no more time for vacillating, all consumers must make serious analyses and develop programs for saving all forms of energy. For now, that is the only way to achieve quick results that will improve the situation. No matter how unpopular and painful restrictions may be in such circumstances, they must remain a component of our daily lives. Such forced savings, even though they bring great losses to all consumers and producers of electrical energy, must necessarily be applied.

Workers Laid Off

Skopje NOVA MAKEDONIJA in Macedonian 10 Feb 82 p 3

[Article by N. N.]

[Text] Stip, 9 February--Yesterday 240 workers were laid off, today 600 more do not have work, and if mazut does not arrive, work will end for all 4500 employees.

The technology of the "Makedonka" cotton production plant is such that without mazut, not a single production line can operate. Since the last reserves of this essential fuel are being used up in the collective, for 4500 workers (together with those at Politeks) the danger exists that, in the next day or so, instead of going to work they will stay at home. Beginning today, at the basic organization of associated labor "Oblagorodilnica," which is the largest user of technological power, or heavy oil, the second and third shifts will employ 30 workers instead of 150. Tomorrow 600 workers of the third shift at this plant will not be at work. With interruptions of work at this plant, work at other plants that have mazut fuel reserves will be able to continue, but for only one more day. That means that if no new supply of fuel arrives during the day tomorrow, the day after tomorrow all 4500 workers at "Makedonka" will stop working.

As we were informed at today's press conference at the collective, a one-day total work stoppage at "Makedonka" would mean 3 million dollars less income, 7.6 million dinars less in gross product, and 100,000 fewer meters of material produced. Since 30 January this year, they told us at "Makedonka," despite daily inventorying, they have not been able to get even a gram of mazut. According to our sources on the mazut supply situatuion, the first quantity expected, two tank trucks (which incidently is not enough for a single day's operation), would not be delivered until 8 February. However, the mazut did not arrive, and they have not been informed as to why that had happened.

For now, no one at "Makedonka" can answer as to how long this situation will continue. According to some statements, no mazut will be delivered in the next 15 days.

Small Users Affected

Skopje NOVA MAKEDONIJA in Macedonian 12 Feb 82 p 2

[Article by E. Rizao]

[Text] The big industrial facilities are not the only consumers of mazut. More than 100,000 tons of this expensive fuel is used by so-called "small" consumers, who can switch to other fuels very quickly.

We have said how much mazut the big consumers use, and how much the republic itself uses. We have seen that we are talking about more than 400,000 tons of expensive mazut. Yet there is the surprising fact that the remaining quantitites, amounting to 100,000 tons of heavy oil, are used by so-called "small" consumers.

For that it is necessary to allocate more than 1.5 billion dinars every year at today's prices!

Who are these small consumers?

There are more than 400 of them in the republic, beginning with private homes and cafeterias and including hospitals, clinics, schools, museums, greenhouses, grain elevators, institutions, small enterprises, larger labor organizations, and so forth and so on.

Besides possibilities for savings or the replacement of mazut with other fuels at large industrial installations, it seems that much could be accomplished by rapid intervention in this area as well. Here it would seem the largest role could be played by large central heating facilities in big city centers. For example, in Skopje, where the largest number of these "small" consumers are located, urgent measures should be undertaken to include them in the city central heating network. Actions are already underway to accomplish that. Of particular interest in Skopje's initiative, which foresees construction of an electric heating center, which besides producing electric power would make secondary use of the heat of operation by providing heat for all of these small consumers. In the same way, it is expected that geothermal explorations in Skopje will provide good results, and that they will lead to replacement of mazut with natural hot water. Similar initiatives have been underway in Prilep, where great expectations are projected for Mariovo lignite deposits.

It seems that the time exigency and the mistakes made in the past provide good lessons. Thus memeories are fresh of the time when, in Skopje, many labor organizations and institutions did not want to join the central heating system simply because of the 100 million dinar cost involved. Then came the changes in the current price for mazut. Thus the consumers themselves would have paid for the pipes for hooking into the system, but they did not want to lift a finger to do so. There have been instances where steam heating pipes have disappeared from storage rooms of institutions when mazut boilers were being installed. Then, momentary interests prevailed, and now the entire republic is paying for it.

That is the situation as far as replacing mazut with domestic fuels is concerned. However, it should not be forgotten that there is an imperative need for future savings and rational use of mazut where it cannot be replaced with cheaper fuels for various reasons. In that regard, the Skopje Heating Plant is a good example. This year the plant has reduced heat 1 or 2 degrees in apartments, and has cut off the heat after 10 pm. These steps have saved significant quantities of mazut. To the extent that other labor organizations and in general, all consumers follow this example, the specialists claim that it will be possible to save a great deal. Simply stated, there are thousands of ways to save through better urbanistic solutions including such steps as reducing the temperature in apartments by a degree or two.

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March 25, 1982